DOCUMENT RESUME

ED 151 790 CS 203 936

AUTHOR McGrath, Phyllis S.
TITLE Managing Corporate External Relations: Changing Perspectives and Responses. Report No. 679.
INSTITUTION Conference Board, Inc., New York, N.Y.
PUB DATE 76
NOTE 96p.; Several pages in Appendix A have marginal reproducibility
AVAILABLE FROM The Conference Board, Inc., 845 Third Avenue, New York, New York 10022 ($5.00 Associates & Educators, $15.00 Non-Associates)

EDRS PRICE MF-$0.83 Plus Postage. HC Not Available from EDRS.
DESCRIPTORS *Administrative Personnel; Administrator Role; *Business; Evaluation Methods; *Management; Managerial Occupations; *Organizational Communication; *Public Relations; Surveys

ABSTRACT

Because of their direct or indirect impact on a company, relations with its publics have long been a preoccupation of management. This study, based on information received from more than 500 executives representing 368 companies, documents the complex of issues and publics that shapes contemporary corporate external relations efforts and probes the extent to which management's perception of external relations has affected corporate planning in that area. The chapters deal with the nature of external relations issues and corporate publics; evolving imperatives in the field of external relations; organizing for external relations; executives' roles in external relations; and difficulties involved in evaluating external relations efforts. Numerous tables and charts accompany the narrative. The appendixes provide sample job descriptions for executive positions related to company external relations and list variations in external relations titles and unit designations found among the companies participating in the study. (GW)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED151790

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

MANAGING CORPORATE EXTERNAL RELATIONS: CHANGING PERSPECTIVES AND RESPONSES

by
Phyllis S. McGrath

Report No. 679

A Research Report from The Conference Board's Division of Management Research Harold Stieglitz, Vice President

"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY
The Conference Board, Inc.
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) AND USERS OF THE ERIC SYSTEM."

CS203936

THE CONFERENCE BOARD is an independent, nonprofit business research organization. For more than fifty years it has continuously served as an institution for scientific research in the fields of business economics and business management. Its sole purpose is to promote prosperity and security by assisting in the effective operation and sound development of voluntary productive enterprise.

The Board has more than 4,000 Associates and serves 40,000 individuals throughout the world. It does continuing research in the fields of economic conditions, marketing, finance, personnel administration, international activities, public affairs, antitrust, and various other related areas.

Associates may consult the Board and its research staff for additional information on this report or any other management subject.

For information concerning membership in The Conference Board and its services and facilities, contact the Service Extension Division.

© 1976 THE CONFERENCE BOARD, INC.
845 Third Avenue, New York, N. Y. 10022

THE CONFERENCE BOARD IN CANADA
333 River Road, Ottawa, Ontario K1L 8B9 Canada

Prices: $ 5.00—Associate and Educational*
$15.00—Non-Associate

*For special prices on group orders for classroom use, contact the Information Service Division.

Conference Board Report No. 679 Printed in U.S.A.

Library of Congress Catalog No.: 75-37344
ISBN No.: 0-8237-0113-1

Related Conference Board Publications

Communicating with Professional Investors 644
Corporate Organization for Environmental Policymaking 618
The Consumer Affairs Department 609
Biennial Survey of Company Contributions 606
Energy and Public Policy 575
Social Responsibility and the Smaller Company 568
Current Trends in Public Affairs 566
Public Affairs in the United States and Europe 538
Private Enterprise Looks at Its Image 526
Perspectives for the 70's and 80's ..... Special Report
The Chief Executive – And His Job ..... SPP 214
Organizing for Effective Public Affairs ..... SPA 5
Advertising, Sales Promotion and Public Relations – Organizational Alternatives ..... EMM 16
Business Amid Urban Crisis ..... SPA 3

Highlights for the Executive

MANAGING CORPORATE EXTERNAL RELATIONS: CHANGING PERSPECTIVES AND RESPONSES *by Phyllis S. McGrath* • Report No. 679

THE DEARTH OF public confidence in business is the paramount external problem facing corporate management today, according to most of the chief executives, as well as a great many of the external relations executives, contacted for this survey. And amid the growing concern over the deterioration of business' credibility, management is placing a greater priority on the company's relations with its external publics.

The External Issues

In fact, most external issues troubling companies are closely linked to, and in some cases the direct result of, this primary problem of credibility. The increasing legislation of business operations, for example, evolves in large part from the public's demands for government control because the public distrusts business. Other issues of grave concern to corporate executives are the nation's economy, the corporation's financial picture and need for capital, and the survival of the free enterprise system.

The Corporation's Publics

Many of the external relations executives surveyed acknowledge that the large "general public" needs to be identified as a number of individual publics – government (federal, state and local), consumers and customers, stockholders and institutional investors, the media, the community, and a multitude of special interest groups. These corporate publics have become more active and more vocal in recent years, and most of the executives surveyed have come to accept the critical importance of the company's relations with its various publics.

The Evolving Imperatives

Because of the constantly evolving nature of external relations issues and publics, chief executives do not make a marked distinction between future imperatives and those of today. They stress that companies must make the best use of the competencies and resources currently available to them. Additionally, they see the need to:

- Develop new skills, particularly communication skills.
- Improve economic education programs.
- Strengthen business-government relations.
- Expand community involvement: "corporate citizenship."
- Improve research methods.

Organizing the External Relations Unit

Many companies recognize an underlying common thread in their relations with their various publics and are taking a more integrated approach to the management of their external relations. In terms of organization structure, there is a trend toward placing all or most external relations functions under one executive.

The two broad organizational patterns for external relations activities are:

(1) A "fragmented" structure in which most of the activities report through individual functional areas, such as marketing or finance.
(2) An "integrated" approach in which most or all external relations activities report to one executive.

There is a growing trend toward the second approach, again apparently in recognition of the commonality among external activities.

The executive in charge of the coordinated external relations department has one of a variety of titles: public affairs, public relations, corporate communications, to name just a few. For the most part, the differences among titles are semantic differences, although "public

© 1976 The Conference Board, Inc.

affairs" does frequently connote an emphasis on government relations.

The Roles

The CEO. It is generally agreed that the impetus for the corporation's external relations efforts must come from the chief executive officer, and a growing number of these business leaders are taking an active role themselves in the external effort. They characterize their participation in one of several ways: as the "personification" of the company and the principal spokesperson; as the policymaker for external matters; or, in broadest terms, involved with everything – to a limited degree.

Staff. To the chief executive, the most common difference between his job and that of the staff executive is in the area of policymaking, but in reality the division of roles is not clearly delineated, and the two work very closely in many instances. The staff executive has three roles – advice (or counsel), service and control. As is typically the case with staff executives, external relations executives most often find themselves in the counseling role.

Outside firms. The outside counselors are most frequently just that – "counselors," although, of course, they are often hired or retained for implementation of programs. This implementation (the service role) is especially common with regard to media relations.

The External Relations Executive

The traditional assumption of an external relations executive having a public relations or journalism background is still the case for the largest number of survey respondents, but it is no longer the only acceptable one. The external relations executive now often comes from general operations, law, and marketing. Perhaps because the job calls for a firm working knowledge of the company, external relations executives tend to have been with their companies for many years, although they may be relatively new in their current position.

A key question in all of this analysis is how important top management considers external relations. When top-level decisions are being made, is the external relations executive involved, and how much weight is assigned to external implications? The CEO's say external relations is very important, but the external relations executives hesitate to be quite so confident. One indication of the importance of external matters is that the external relations executive serves on top-level management committees in just under half of the companies in the survey.

Evaluating External Relations

How companies determine whether their external efforts are effective is a difficult question to answer. For one thing, like other staff functions whose impacts on corporate profits are not immediately evident, external relations does not readily lend itself to measurement. Then, too, a multitude of outside influences interact upon the issues and publics that the programs are aimed at, so that results cannot be attributed to corporate efforts alone. As a result, measurement practices may be categorized as follows:

- It's necessary – but difficult.
- It all depends on the situation.
- It's an academic exercise.

Author's Acknowledgments

The author is grateful to Sandra Loyd for providing general assistance throughout the research process, and for coordinating the survey analysis with Judy Rosenthal of the Board's data processing staff. Special thanks are also extended to James K. Brown and Robert I. Lazer of the Board's Management Research staff for their help in the interviews, and to Patricia Cummando, who provided invaluable secretarial support. *–P.S.M.*

Contents

Page

FOREWORD viii

PART ONE: THE ENVIRONMENT FOR EXTERNAL RELATIONS 1

1. THE NATURE OF THE ISSUES AND THE PUBLICS 2
   - The Issues 2
     - Business' Credibility: The Number One Issue 2
       - Economic Education 3
     - Some Other External Issues 3
       - Government Intervention 4
       - Survival of the Free Enterprise System 4
       - Economic and Financial Problems 5
       - Other Issues 5
     - Priorities of Issues 5
       - Future Issues 7
   - The Corporate Publics 8
     - Trends in Publics 9

2. THE EVOLVING IMPERATIVES 11
   - Developing New Skills 11
     - Communication 12
       - Media Relations 13
   - Improving Economic Education 15
     - Developing Employees as Company Spokesmen 15
   - Strengthening Government Relations 16
   - Expanding Community Involvement: "Corporate Citizenship" 17
     - Corporate Contributions 18
   - Improving Research Methods 19
     - Issues Research 19
     - Public Opinion Research 19

PART TWO: MANAGING THE CORPORATE FUNCTION 21

3. ORGANIZING FOR EXTERNAL RELATIONS 22
   - Two Organization Patterns 23
     - The Pros and Cons of Coordination 23
     - No One External Relations Executive 23
     - One Executive Coordinates External Relations 28
       - Most Major Segments of External Relations Coordinated by One Executive 29
       - All External Functions Report to One Executive 32
         - Coordination at the General Executive Level 36
         - Coordination by a Dual-Role Executive 36
   - Other Means of Coordination 38
     - An External Relations Committee 39

Page

An Overall Policy 40
External Relations within the Divisions 43
International 43
Titles 46
Public Relations vs. Public Affairs 46

4. THE ROLES 49
The Chief Executive Officer 49
Time Spent on External Relations 49
The Role 50
The Personification of the Company 50
Policymaker 50
Everything – to a Limited Degree 50
The Company's Publics 51
The Staff 52
Personal Characteristics of the External Relations Executive 53
Three Roles 54
Advice or Counsel 55
Service 55
Control 55
The Three Staff Roles and the Publics 55
The Relative Importance of the Roles 57
The Outside Counsel 57
Users of Outside Counsel 57
The Role with the Corporate Publics 58
Roles in Decision Making 59
Management Committees 61
Those Who Know They Have "Clout" 61
The Board of Directors 62

5. EVALUATING THE EFFORT – A CONUNDRUM 64
It Is Necessary – but Difficult 64
Evaluation on the Basis of Objectives 64
Informal Feedback 65
Formal Feedback 65
Evaluation on the Basis of Activities 66
A Reasonable Expectation 66
Measuring Activities 66
Meeting Budget Forecasts 67
It All Depends on the Situation 67
It Is an Academic Exercise 68

APPENDIX A: SAMPLE JOB DESCRIPTIONS 70
APPENDIX B: A COMPENDIUM OF EXECUTIVE TITLES AND UNIT DESIGNATIONS 82

Exhibits

Page

1. Introduction to Black & Decker's *Social Action Report – 1974* 18
2. Uniroyal – A Company Committed 19
3. A Diversified Company with Split Staff in External Relations 27
4. Partial Organization Chart Showing Multiple Staff Units in External Relations 27
5. Interdepartmental Coordination – Panhandle Eastern Pipeline Company 28
6. Coordinating All but Customer Relations – A Manufacturer 29
7. Coordination of Consumer and Public Affairs – Whirlpool Corporation 30
8. Combining Public Relations, Public Affairs, and Government Relations – General Foods Corporation 31
9. All Segments except Stockholder and Investor Relations – Shell Oil Company 33
10. Coordinating All Publics except Customers and Government – An Extractive Resources Company 34
11. A Coordinated Organization – Allis-Chalmers 35
12. A Coordinated Approach – Phillips Petroleum 37
13. The General Executive as Coordinator – Tenneco, Inc. 38
14. Coordination under a Dual-function Executive – J.C. Penney 39
15. Combining Marketing and External Relations – Interlake, Inc. 40
16. Public Affairs Policy – General Telephone and Electronics Corporation 41
17. Corporate and Divisional External Relations – An Industrial Company 44
18. Centralizing Communications: The Procedure at Kaman Corporation 45

Tables

1. Classification of Companies by Most Important Line of Business vii
2. Classification of Companies by Annual Net Sales vii
3. Title of the External Relations Executive 46
4. Public Relations vs. Public Affairs: Functions Excluded from Each 47
5. Amount of Time the Chief Executive Spends on External Relations 49
6. The Role of the Chief Executive with the External Publics 51
7. The CEO's Perception of the Role of the Staff 53
8. The Background of the External Relations Executive 53
9. The External Relations Executive: Years of Service 54
10. The Three-part Role of the External Relations Executive in Relation to the Most Frequently Cited Publics 56
11. Number of Companies that Retain Outside External Relations Counsel 58
12. Who Hires the Counseling Firm? 58
13. Outside Counsel: Relative Emphasis on Publics and Roles 59

The Study: Method and Limitations

The Conference Board received information for this study from more than 500 executives, representing 368 companies. One hundred and eighty-five of the executives polled were chief executives of their companies. The remainder were high-level external relations executives – most frequently the top external relations executive of the company.

Information for the report was obtained from two written questionnaires and a telephone survey. The chief executives answered a written questionnaire covering their own perception of the issues, the effectiveness of their companies' current response, and the extent and nature of their own involvement. One hundred and forty-seven external relations executives answered questions on similar points, and also furnished information on their own professional background, their companies' organizational structure, and their use of outside counseling firms. In a telephone survey, an additional 156 external relations executives replied to a limited number of key questions selected from the written questionnaire. In-depth interviews were conducted with about forty selected respondents – some of whom also answered written questionnaires.

The Sample

The distribution of the survey respondents by industry grouping, or most important line of business, is shown in Table 1. Although the predominant representation is from manufacturing, a wide variety of nonmanufacturing organizations responded to the Board's survey.

Table 2 summarizes the responding companies by size – annual net sales, assets in the case of banks, and operating revenues for transportation companies.

As a general rule, it can be assumed that large companies in consumer product businesses – certain manufacturers, banks, insurance companies, oil companies, and others – are much more "visible" to the general public than are, say, industrial equipment manufacturers. Because they are more easily recognizable, they are subject to attention from their many publics. But all companies have publics; only the recognition accorded those publics – and the manner in which they are dealt with – differ.

Limitations of the Study

This study concerns itself with how companies perceive and deal with their many external publics, or constituencies, such as environmentalists, government agencies, consumer groups, security analysts, and others. Of necessity, it excludes employees. While it is true that employee relations and employee communications are frequently a part of the function of the external relations staff, employees are an *internal* public. Of course, the employee also functions as stockholder, consumer and as a member of other publics at various times.

Many external relations executives point out that international external relations is fast becoming a critical area of involvement. But this subject requires a separate analysis, and it is touched on only briefly in the present report.

Table 1: Classification of Companies by Most Important Line of Business[1]

Classification	*Number of Companies*
Manufacturing	195
Utilities	36
Insurance	32
Banks	30
Transportation	19
Wholesale and retail trade	17
Petroleum	10
Mining	8
Miscellaneous	21
Total	368

[1] In some instances, diversified companies report several "most important" lines of business. In those cases, the author has made an arbitrary decision, based on the identification of those companies in the public mind, for the purpose of classification in this table.

Table 2: Classification of Companies by Annual Net Sales[1]

Annual Net Sales (Millions of Dollars)	*Number of Companies*
$ under 49	5
50 – 99	8
100 – 199	14
200 – 499	66
500 – 999	73
1,000 – 4,500	198
Over 4,500	2
Total	366[a]

[1] Instead of annual net sales, assets were used to classify banks, and operating revenues for transportation companies.

[a] Two companies are privately held and sales figures are unavailable.

Foreword

WHAT SOCIETY EXPECTS of business is creating both opportunities and obstacles for business leadership. Both are implicit in the phrase "society expects." At the outset, society is not a monolith; rather, it is an assemblage of fragmented publics – each with special concerns and priorities – that vie for business' attention. And "expects" greatly understates these ever-escalating demands and competing priorities.

Because of their direct or indirect impact on a company, relations with its publics have long been a preoccupation of management. The Conference Board, through its studies, has tracked changing emphases in the attention management has given to particular groups – customers, media, investors, stockholders. More recently, the Board's analyses have concentrated on emerging issues in the general area called public affairs – discrimination, pollution, energy, consumerism, to name but a few of the issues.

There is, however, evidence that current pressures are bringing about a change in corporate perceptions of external relations. Rather than analyze fragments, albeit large fragments, the Board has attempted to document in this current study the total complex of issues and publics that shape contemporary corporate external relations efforts. More significantly, this study probes the extent to which management's perception of external relations has affected corporate planning in that area. A progression of titles – from public relations to public affairs, to corporate communications, to corporate relations – signals some change in managerial emphasis. The tantalizing questions were why, what – and how.

An admission is in order here. Ambitious though our study plan was, it could not match the variety of interests and urgings of the numerous professionals from whom information was sought. On the basis of their expectations – and ours – this report can only be looked at as one phase of a continuing exploration.

Phyllis McGrath, Research Associate in Management Research, developed this report under the general guidance of Harold Stieglitz, Vice President of Management Research. They and the Board are indebted to the several hundred chief executives and corporate external relations executives who gave generously of their time and information. And The Conference Board is especially grateful to the 13 organizations that provided financial support for this research project.

ALEXANDER B. TROWBRIDGE
President

Acknowledgment

The Conference Board extends special thanks to the following organizations whose financial support made it possible for the Board to expedite this initial exploration of corporate external relations:

American Telephone & Telegraph Company
Burson-Marsteller
The Coca-Cola Company
Continental Oil Company
The Dow Chemical Company
Ethyl Corporation
Exxon Chemical Company
Gulf Oil Corporation
Hill and Knowlton, Inc.
International Paper Company
Manning, Selvage & Lee, Inc.
T.J. Ross and Associates, Inc.
Ruder & Finn, Inc.

Part One:
The Environment for External Relations

Chapter 1

The Nature of the Issues and the Publics

TO STATE THE obvious, business is a major agent of change in our society. It affects improvements in the standard of living and quality of life and, in turn, is affected by the changed values to which it has contributed. Indeed, its effectiveness and efficiency have made business a major – if not dominant – instrument of socio-economic change. While this is a role that business has not necessarily sought, it has become a role that business cannot shun. Reluctantly or willingly, business and its leaders are coming to terms with the implications and imperatives of their ever-expanding role and with the realities of coexistence with the public.

The term "external relations," in the sense that it is used in this report, encompasses how companies manage their relationships with a variety of outside publics, and what companies regard as the critical issues facing them in relation to those external publics.

The Issues

Regardless of size and type of industry, a company operating in today's environment is necessarily faced with a multitude of external relations issues. The character of the issues, as well as the level of urgency, may vary according to industry, size or other factors, but to one degree or another all companies are confronted by external relations problems. This is made clear by the vice president – administration of a relatively low-visibility company:

"The heart of the matter is the future of corporate existence; the continuation of our economic system. Business' argument is that the classic function of business, if allowed to operate efficiently, will permit benefits to trickle down. But there is serious and increasing concern on the part of the public that the system is not working, that business has too much power and too little accountability. Many outside groups no longer trust business. *If you view external relations that way it is no longer less important for my low-visibility company than it is to a high-visibility company.*"

Business' Credibility: The Number One Issue

Numerous issues having a bearing on the operations of a company can be considered to have external implications. But, from his command post at the apex of a corporation, the chief executive officer has perhaps the most cogent – if not the clearest – view of what is challenging his company from the outside, and of what may lie ahead. His is a compelling perspective because, by the very nature of his role, he has ultimate accountability for the survival of his organization.

The overwhelming concern of the chief executives surveyed is the growing distrust of business on the part of the general public. One hundred and seven of the 185 CEO's cited this as a key problem. Due in large part to a relatively few highly publicized events of recent years, "big business" – and particularly many of the more visible industries – is in disfavor with the public at large. The public no longer accepts the word of the corporation; it questions business' motives. It does not understand enough about the economic system to realize what is meant by "profits." More and more disclosure of data is being demanded.

One chief executive sums up the problem as: "The attitude that the large corporation is the 'enemy' rather than the 'benefactor' of the individual. This hostile, adversarial attitude among politicians, academicians, publicists, activists is the central deterrent to sound solutions of economic and related problems. In large part, this arises from the fact that many people do not understand our economic system and neither educational sources nor the business community have carried the facts to the people."

Another respondent refers to the current period as "the age of protest," which has

resulted in a loss of public credibility not just in business, but in most of our major institutions – including education, government, and the legal and medical professions. However, while business leaders realize that other institutions are also suffering from this prevailing distrust, their primary concern is understandably for the problems of business.

The low credibility that business now shares with other major institutions also grows from inflated expectations. The expectations – or demands – range from better products to better information; from lower prices to a voice in corporate management. And government, of course, is not a passive observer in these business-public relationships.

Loss of public confidence in business has resulted from pressures from a multitude of "publics." The head of a steel company enumerates some of the key criticisms of business by describing the problem as: "The attack from public, especially political, quarters on the free enterprise system for almost any reason, whether it be profits and their meaning, product reliability, prices, advertising, pollution, contributions, board membership, disclosure of confidential information, or anything else that comes to mind."

The loss of credibility, it is conceded, is caused in part by mistakes made by business. Some faulty products, some cases of overpricing, insider stock trading, political slush funds, and the like, have been widely publicized. Many of the chief executives place a good portion of the blame on the media for the way in which news is presented to the public. The electronic media in particular have tremendous power over public attitudes. And only bad news makes headlines.

Economic Education

The CEO's continue to feel quite strongly that an important factor behind the general mistrust of business is the inadequacy of what is generally termed "economic education." According to one respondent: "One of the most serious problems facing American business today is the lack of public understanding about how business operates, the importance of profits to finance, the continued expansion of productive capacity, and the need for increased incentives to make such expansion possible."

There is a fairly consistent pattern to the arguments for more economic educaton. The consensus is that the public needs to be provided with facts (see box). If the general public could be made to understand that *profits* do not mean *excess money*, that business has made tremendous contributions to our society and to the standard of living in the United States and all other industrial nations of the world, that the consequences of the destruction of our free enterprise system would be disastrous, then they would support business as an institution of our society. Many feel such an educational effort must begin in the schools. They recognize a complacency even in their own children.

Some Other External Issues

From the deterioration of business credibility flow, to a large extent, other key issues of major concern to top executives: *government overregulation* of business; indeed, the *future viability of the free enterprise system.* For example, the president of a high-visibility consumer product company warns about "the failure of the public to understand the economic system, the consequences of which are incredible governmental interference and pressure

The Case for "Economic Education"?

Early in my career in public relations, one of the big problems was that the people, according to polls of the time, thought business profits, after all charges, were 25 percent of sales. The actual figure was then close to 5 percent. After 40 years of hard work by many dedicated organizations, people no longer think that profits are 25 percent. They think they are 28 percent . . . and the real figure is still around 5 percent."

– John W. Hill
Chairman, Executive Committee
Hill & Knowlton, Inc.
Address to 16th Public Relations Society of America Institute

which have the opposite rather than the intended effect."

Governmental constraints both at the federal and local levels, combined with public and consumer attitudes, are "leading to fundamental obstacles impeding my company's *ability to form capital* for expansion and our ability to produce and distribute goods at reasonable cost and with the required returns on investment," according to another chief executive officer.

And the increased mistrust of business is clearly intertwined with the *energy* situation, as witness the general disbelief in the reality of the energy crisis during the winter of 1973-1974. According to the head of a utility: "Solutions to very real energy shortages are directly related to basic economics, a subject greatly misunderstood by the public."

And what many businessmen regard as an antibusiness slant of the *media* is, according to one CEO, responsible for the election of an uninformed political group. There is some question regarding the inclusion of the media as a corporate public, since in the strictest sense the media are only a conduit for furnishing information to the other publics. But what a conduit! Through selection, interpretation and transmission, they determine what others will hear or see. Management believes it must make a definite effort to influence or win over the media because the media have become the most important direct source on which the public relies for opinions. The media – and particularly the electronic media – have so much power over the perception of business' credibility that many feel the media must be considered a separate public.

None of these issues is novel. Yet each warrants a brief elaboration in terms of the concerns expressed by the chief executives.

Government Intervention

Almost a quarter of the chief executives surveyed make special mention of what they view as ever-increasing government regulation of their industries and their companies. Using expressions ranging from "overregulation" to "cancerlike" and "octopus," they complain about excessive government regulation in areas such as pollution abatement, safety and health, equal employment rights, financial reporting, and consumer protection. Many of these executives feel that politicians are "using businessmen as scapegoats." A number comment on the potentially harmful results of government fiscal irresponsibility. Several single out Congress, with one calling that body "irresponsible, arrogant and inept."

Not all of the chief executives think of government just in terms of costly or stifling regulations. A number of respondents call for improved and more active communications in order to increase legislators' understanding of, and empathy for, the needs of business. Certain industries are more vocal than others on this subject; those that have experienced more stringent constraints are more outspoken. But the comments come from a wide variety of industries.

The complaints, although raised primarily in connection with the Federal Government, also extend to state and local governments. Industries affected by states that have banned products – and taken other actions viewed as antibusiness – give particularly heavy emphasis to the difficulties of relations with state and local authorities.

To a large number of corporate leaders, some different and possibly more compelling problems loom with regard to the regulatory agencies. As summarized by the head of a banking institution: "The regulatory agencies are an up-and-coming problem that is snowballing rapidly. The regulations emanating from these agencies in many cases are much more stringent and restrictive than the original laws; few, if any, companies are equipped to deal with the 'anonymous' staff members of these agencies."

Survival of the Free Enterprise System

The future health of the free enterprise system is quite clearly of critical importance to senior management. Business leaders feel the challenge to retain and to strengthen the free enterprise system in the face of what they regard

as threats from varied social, political and economic factions.

In the words of the chairman of a bank holding company: "The most critical problem facing American business today is the gradual, but accelerating, deterioration of our system of free enterprise by our growing dependence on government support and regulation instead of the diverse efforts of individuals in basically free markets."

Economic and Financial Problems

A substantial number of the chief executives surveyed feel that today's economy and the unsettled outlook for the future are the most serious issues they face. An additional group stresses capital formation and the problem of liquidity. As one chairman outlines his thoughts: "The problem is availability of capital. Government deficits and the discouragement of capital formation through tax policy threaten all business, and particularly capital-intensive industries."

Of course, there is no clear line between complaints involving government, taxes and difficulties in capital expansion. Thus, to the president of a consumer product company, his troubles involve: "Increasing controls on business which, coupled with a restrictive federal tax policy, severely limit the ability of business to form the capital needed for healthy growth."

In fact, quite a number of CEO's comment on the problem of taxation. They see no end to the continuing growth of federal social programs, and an ever-increasing tax burden on companies and on individuals to support these programs. Several mention specific items of tax legislation, such as the depletion allowance, and a number make special reference to the tax treatment accorded multinational firms, and to duties on imports.

Other Issues

CEO's also worry about the increased and outsized expectations of the public in general, and of labor and youth in particular. And they are very aware of the demands of special interest groups – consumers, environmentalists, minorities, and church groups are most frequently mentioned. These are the activists who "have added, or are adding, new dimensions to corporate performance," in the words of the vice president – public affairs of a steel company.

Many, too, express concern regarding the outlook for the energy situation in the United States and around the world. Although most of the CEO's acknowledge the broader issue – the requirements of society – some draw particular attention to their own needs for raw materials. The energy issue causes division within the business community, however – in simplest terms, between the users and the suppliers. As a public affairs executive of a major oil producer remarked, the energy crisis left the petroleum industry with a new public – the rest of the business community – and that new public had already developed a distrust of the industry.

Priorities of Issues

To what extent do the chief external relations functionaries agree with the chief executives on the major issues? The box on page 6 provides a detailed breakdown of the priorities which chief executives assign to external issues, juxtaposed with the order of priority as seen by external relations executives.

In the eyes of the staff person, government overregulation outweighs credibility as the most critical issue now. Nearly half of the respondents point to the increasing encroachment of government, primarily the Federal Government, and the growing difficulties in dealing with government agencies. The problem of business credibility is not forgotten, however, and more than one-third of the external relations executives cite this as being of critical importance. In the words of a petroleum company representive:

"Upon the success of companies like ours in stemming or reversing the deterioration of relations with publics and governments, depends the retention of anything like the freedom of action historically enjoyed by private enterprise in this country and elsewhere. A function not

Critical Issues – Today and Tomorrow
As Viewed by 185 Chief Executives and 303 External Relations Executives
(ranked by frequency of mention)

Note: The following "issues" represent a consensus of the responses to the question: What do you see as the most critical issues facing your company and American business with regard to relations with external publics – today, and three to five years from now? (Because no list of choices was provided, the responses should be evaluated as volunteered responses.)

	Today		*Three to Five Years from Now*	
Issue	*CEO*	*External Relations Executive*	*CEO*	*External Relations Executive*
Business credibility	1	2	5	2
Government overregulation	2	1	1	1
The economy	3	3	3	4
Corporate finance	4	5	2	5
Survival of free enterprise system	5	7	9	9
Demands of special interest groups (consumers, environmentalists, minorities, etc.)	6	4	10	3
Taxation	7	9	7	12
Energy	8	6	4	6
International management	9	8	6	7
Increased expectations of the public, or social issues	10	10	11	13
Media	11	*	*	11
Labor	12	12	13	*
Investor relations	*	11	*	10
People problems (employee relations, human resources, etc.)	*	*	8	8
Skills of future executives and nonexecutives	*	*	12	*

*Mentioned by an insignificant number of respondents. In addition, the tabulation does not include several other issues mentioned too infrequently to merit ranking.

just, or even primarily, of 'relations' efforts as such, but of conduct of our affairs in a fashion to strengthen public confidence."

The issues of the United States' economy, demands of special interest groups, and financial considerations also loom large in the minds of the external relations practitioners. The comparative weights they assign to the issues cross all industry groupings and size patterns, illustrating a uniformity of concern throughout the business community.

The staff executive is, of course, viewing external relations from a very different vantage point than the chief executive, and this, to some extent, explains the variations in issue priorities. The staff person gives priority to the more immediate issues that must be contended with. The chief executive tends to accent the more global issues that affect the environment in which business operates. And, of course, the CEO is influenced by peer-group relationships in the business community. A consensus evidently grows out of the discussions of groups of

business leaders concerning problems common to all of them. A chief executive, who is active in the Business Roundtable, The Conference Board, and many other organizations, comments that members of his staff do not get the constant exposure to such discussions that he gets.

Despite minor variations in priorities, the chief executive officer and the external relations executive have parallel concerns. Indeed, the organization would have a potentially serious problem if they did not. The philosophy of the CEO sets the pattern for the philosophy of the total corporation. The ideas of the CEO stimulate the planning and policymaking of the corporation, and it is the responsibility of the staff to carry out those policies and plans. At the same time, the external relations executive is responsible for identifying upcoming issues and alerting senior management to any implications such issues could have for the company. In other words, the ideas of the two need not be exactly alike on any particular day, but they need to coincide over a period of time.

Future Issues

Even in the near past, industry can painfully recollect being unprepared for a new issue or for sudden public demands. For example, consumer groups and environmentalists have been around for years, quietly gathering momentum. Yet most companies admit that they were not prepared for the sudden intensification of their activities. Many external relations executives – regardless of their particular titles – now see their primary function as one of anticipating upcoming issues and publics. The distant future – and even 15 to 20 years hence – is for the futurists to plumb. But in looking ahead three to five years, the senior external relations executive and the chief executive are in full agreement that the critical problems will be more of the same, although priorities may shift.

The vice president – public affairs of a steel company outlines his prediction for the next few years, and it does not differ very much from the way respondents perceive today's environment:

"Low regard of business by the public;

"Misunderstanding of corporate purposes and role;

"Cynicism regarding corporate ethics and morals;

"Little understanding of the free enterprise system."

But while credibility is the greatest concern of chief executives today, these same executives anticipate, as do their external relations specialists, that the major external worry in the not-too-distant future will relate to government intervention. Seventy-five percent of the chief executive respondents believe that government intrusion is going to become their primary concern.

The switch in emphasis evidently grows out of their current concern about credibility. When the credibility of business is called into question, the public demands more control by government. If the chief executives see lack of credibility as the issue today, it follows that encroachment by government is all but inevitable tomorrow.

Capital formation, liquidity, a viable money market, the high cost of money, and the whole area of financing are anticipated to be serious problems in the foreseeable future. In one way or another, respondents talk about the cost and availability of money. And a few simply say that they see "profits" as the future worry. A sizable number of respondents anticipate problems with regard to the economy, both domestic and worldwide. Others are concerned about taxes and the closely related issue of costs to foot the bill for such burgeoning social programs as social security and welfare.

Among the other issues which respondents see gaining momentum are the many problems inherent in international operations. International operations are growing in complexity with more U.S. ventures overseas, with growing nationalism in many countries, and with a profusion of local tax structures, laws and customs that have to be lived with.

The staff respondents forecast an increase in the problems of special interest groups, primarily

the environmentalists. A number of these executives talk about the balance which will need to be achieved between the energy situation and the demands of the environmentalists. Again, perhaps because they are more involved with the day-to-day implementation of external policy and programs, these executives see this whole area continuing to be an extremely important one for the corporation. Our survey shows only the external relations executive – not the CEO – concerned about media and investor relations three to five years from now, another indication of the natural preoccupation with implementation of the staff person.

With some shift in priorities, the catalog of issues forecasts only a few significant changes. The internal consequences of external issues loom large. "People problems," the whole field of employee relations and human resources, is obviously conceived of as a growing area of sensitivity by chief executives and practitioners alike, and one which will need careful attention in the future. People problems are not among the foremost concerns today, according to both the CEO and the external relations executive, but appear in both lists of future concerns. Discussing "people problems," many chief executives talk about productivity, motivation and the work attitudes of tomorrow's employees. Chief executive respondents also discuss the new skills which will be required of both executives and nonexecutives in the future. They are concerned about recruiting, and several specifically refer to potential difficulties in management succession. Other executives mention the problems of union demands and labor and benefit costs.

In substance, the question conjures up in the minds of external relations executives the myriad problems generated by society's changing life-styles and shifting patterns of expectations. They have already experienced burgeoning demands for better products and services and for higher wages. But now they anticipate heightened public expectation that business will take on the job of solving society's social and economic problems.

The Corporate Publics

All of these external issues assume varied hues when perceived in terms of the corporation's publics – pressure, special interest, vested interest, or other groups outside of the company whose attitudes and actions can and do have a vital effect upon business.

In a sense, it is misleading to say that business has lost the trust of "the public," or even "the general public." For the public is not a monolith. In terms of its interface with the corporation, the general public is broken into an array of different publics: consumers, stockholders, environmentalists, minorities, youth, etc., each of which brings its own parochial perspective to its relations with business. In only the most general sense do some executives perceive the *general* public as a constituency unto itself. Most tend to find the concept of an enormous general public – acting or reacting in unison – too overwhelming to consider. So companies tend to identify segments that may be able to influence the larger mass, e.g., government, the media, consumers.

The actual relative importance of these publics, or constituencies, varies, of course, from one company to the next. To the firm manufacturing for the retail market, the consumer is the most important public, and the customer relations or consumer affairs function takes precedence. With earnings down, the financial community becomes the critical target for another company, and extra staff time is devoted to telling the company's story to the financial press and analysts.

For any business, the legal environment sets the framework and the rules for doing business. The legal environment is synonymous with *government.* Therefore, government – and particularly the *Federal Government* – is a most important corporate public. (Asked to note which outside group gets the highest priority in terms of corporate emphasis, most companies name the Federal Government – see box, p. 9.)

The market and the reception afforded its products and services are also critical to a company's capacity to survive and prosper. Market can be read *customers* – a vital public.

How 147 External Relations Executives Rank Their Corporations' Publics[1]

Public	*Ranked by Importance to the Company*
Federal Government	1
Customers	2
Financial community	3
The media	4
Stockholders	5
Local government	6
Community	7
Other	8

[1] Employees, while unquestionably a public of any company, are not included for consideration in this report because the material relates only to *external* publics.

Third, financial resources, and those who control them, are a dominant factor in corporate viability. So the *financial community*, including Wall Street and the institutional investor, is a most influential constituency.

The power of information, and control of its interpretation and dissemination, set the *media* apart as an important public. A company may talk all it wants to but it is the media that convey the information and that can have a tremendous impact on "public opinion." Thus, while the media are not a public, strictly speaking, they have so much influence that the respondents rank them among the most important corporate constituencies and devote a great deal of staff time to media relations.

Without its *stockholders*, of course, a company would be financially crippled, and lack of support at the *community* level could also be a severe handicap.

Relative amounts of time devoted to the different publics is another indicator of priorities. When polled, the external relations executives profess a very close match between relative time spent on, and relative importance assigned to, different groups. In fact, their responses run parallel to the rankings of importance in the box above, with only one exception – they say that they spend more time on local government than on stockholders.

There is a basic problem in segregating publics in one's mind, for the public changes in the course of a day. An employee, when shopping, becomes a consumer, and a consumer may also be a stockholder. Acknowledging this, several companies have begun trying to reach a variety of publics with one effort. Employees are members of the community. By telling the company's story to its employees, and conducting economic education campaigns through house organs, plant bulletin boards, and other communication devices, an effort can be made to win community support. Another approach, used by several firms, is to encourage stockholders to buy the company's products.

Companies add to the list of major publics a variety of special interest groups, such as environmentalists, educational institutions and academicians, women and minorities, and others.

Trends in Publics

Despite the emergence of these special interest publics and the increased attention companies give them, companies have not changed their ideas about which publics are really most important. Today's list of key corporate publics would have been identical three to five years ago, according to most of the executives polled. As a matter of fact, the top external relations executive of an extractive resources company comments that the publics do not change, "only our perception of them changes." Possibly more to the point, government remains the vehicle through which these special interest groups have their greatest impact on the business community. Another respondent notes that while all of the publics have been in existence for much longer than five years, and most have grown in importance in recent years, the most significant increase has been in the importance of government. Again, government controls and regulations are the evidence.

Asked to consider the future, 66 percent of the respondents anticipate an increase in priorities assigned to international issues and a similar

increase in the importance of the overseas constituency as a result of such factors as:

- changing public attitudes here and abroad
- pressures from foreign governments
- improved high-speed communication.

Again looking ahead three to five years, some executives predict a decrease in the attention which companies will have to pay to minority groups. They feel that the minorities will gain what they want from management and will lose priority as a corporate public.

Chapter 2
The Evolving Imperatives

IN THE EVOLVING field of external relations, an examination of the rapid pace of changes in issues and publics leads to the conclusion that the future is arriving very quickly. Indeed, one might say that the future is already here. Thus, when chief executives are asked to ponder the imperatives of the future, most magnify and project issues that already confront them. Most underscore, too, the need to enhance already developing corporate behavior patterns.

What is recognized is that external relations issues will not resolve themselves; the corporate publics will continue to make demands on the corporation and new publics will appear from time to time.

The consensus emphasizes that companies must do a better job with the competencies currently available to them. This view was articulated by one CEO: "I don't believe anything new will be required. We must never become complacent or arrogant or think that the problems of external relations will go away. To many businessmen, acceptance of the fact that 'outsiders' can properly be involved in the company's decision-making process is very difficult. My job is to ensure that my company recognizes and accepts this fact and deals with it properly."

These chief executives feel that their companies need to "go back to the basics, but go back more competently." "Take what we have to work with; improve on it; expand it; and utilize it to its best advantage." Speaking realistically, many CEO's recognize that additional time, money and staff will be required. More management time must be freed, they say, for activities relating to the corporation's publics. Many predict an expansion of the external relations unit to cope with the growing issues and demands of the publics. Others talk of sharing the burden, for example, through industry and professional associations.

The overall perception of what actions are required breaks down into the following categories:

- develop *new skills* in corporate executives, particularly more sophistication, more imagination, and better communications ability
- improve *economic education programs*
- strengthen *government relations*
- expand *community involvement: "corporate citizenship"*
- improve *research methods,* to anticipate trends in issues facing the company and trends in demands of corporate publics.

Developing New Skills

Of the 185 chief executives surveyed, the largest group (58 CEO's) says that the business community must begin to develop new skills in its managers so they become more capable of handling the responsibilities which will have to be faced in the future. As one chief executive explains: "External affairs will become more issue oriented." As a result, greater staff specialization will be required to handle complex government relations, intensified activity on the part of special interest groups and other corporate publics, as well as the increasing complexity of the operations of multinational businesses.

The vice president – corporate relations of a food company compares the current status of his function to the status of personnel administration twenty years ago. At that time, he says: "There were few corporations that had a personnel department and practically none that had personnel executives at operating locations. Since then, personnel administration has become a 'discipline' requiring special training and experience. It is my feeling that corporate relations is now developing as a separate discipline which, like personnel administration, will require special skill and training."

A Cooperative Approach

"I am not a great believer in speakers bureaus. It is quite possible for an organization to schedule a speaker on every Rotary Club, Kiwanis Club, Optimists Club, and 4-H Club program in its entire operating region. And after an active 90-day period, the administrator can report that 364 speeches were made to an audience of X thousand people and nothing happened.

"So, what do you do? Well, our experience tells us that you arrange meetings with the leaders of the organized groups in the community – those who do effective research and who make a constant effort to analyze what is in the best interest of their membership.

"When they have learned what is in their own best interests, they use the effective organization linkages they maintain to make the legislators, the politicians, and the regulators aware that they are solidly behind – or solidly against – an important proposal.

"Our experience convinces us that in the American system a business corporation – and particularly a public utility – has to go through a well-defined process in order to make its views prevail. It must make a thorough – not a superficial – analysis of what it is attempting to obtain in the way of legislation, regulation or a rate change – with special reference to whether the objective is of benefit only to the corporation and business, or whether it is demonstrably beneficial in the short or long run – and in their terms – to the laboring men in its community, to the farmers in its community, to the educators, to the professional men, to the elderly. This should not be a lightly taken obligation and task."

– From an address by George Hammond, Chairman
Carl Byoir & Associates, Inc.,
before the 60th Annual Meeting of
The New Jersey Utilities Association
June 12, 1975

Considering what new skills will be required, the chief executives surveyed recognize an overall need for:

More sophistication – to match the growing sophistication on the part of the activist groups and to deal with the increasing complexity of such areas as environmental protection.

More imagination or ingenuity or creativity – to attain the flexibility "both legally and organizationally" that will be needed to cope with upcoming legislation and the action of pressure groups.

The stress is on improving the skills and expanding the capabilities of their current crop of managers, rather than looking to a whole new type of management team. The skills are achievable, most say, through training programs and by working closely with the academic community and key communication associations in developing future curricula.

The chairman of a manufacturing concern makes this quite clear: "We neither need, nor want, a new breed. We must improve the old breed." He is looking for "a new facet of skill and familiarity with the techniques of communication, breadth of understanding of emerging differing points of view, deeper knowledge of economic philosophy and social direction, and the willingness to participate in close combat on some of these intangible and previously unfamiliar battlegrounds."

Communication

Among the heightened skills which will be required of corporate personnel in the future, 27 chief executives single out the critical need for special emphasis on improved communications.

All forms of communication will become much more critical to the success of tomorrow's management. Respondents urge improvements in all facets of the overall ability to communicate business' story more effectively to the media, to the general public, and to the government, and to convince the various constituencies of the importance of the free enterprise system. A growing number of practitioners are beginning to take a closer look at the language of business communication, for example, and they recognize an area which they say could be clearly improved. Words such as "multinational," "profits," "conglomerate," and "lobbying" trigger negative reactions among

some publics, reactions which might not occur if more positive terminology were used to communicate the corporate message – or if the words were properly, and objectively, understood.

The vice chairman of the United States Steel Corporation is one of the many executives who have pondered this problem. In his own industry, he says, "maybe we need new rules, or a new financial jargon which helps people to think about 'real' corporate income." In a recent speech, he enumerates reasons why corporate leadership has a great responsibility in this regard.

Unless there is better understanding of what profits really are, *first*, the public will place the entire blame for inflation squarely on the back of business, and there will be no esteem for the market system. The result will be a constant public pressure on government to displace the market – and that means to displace private ownership – and that means to displace our fundamental freedoms.

Second: If the impact of inflation on profits is not understood, privately owned industry will simply not be able to replace and improve its capital facilities. The redistribution effects of inflation might be tolerable; but not so its tendency to dissipate the nation's stock of capital facilities, and hence to reduce what is available for distribution.

Third: The very feeling of envy – the feeling that "I'm the only one not keeping up with the parade" – a feeling particularly common during rampant inflation – is accentuated by misunderstanding of profits. And these are feelings which lead to deep and threatening social and political unrest – the kind that can too easily spill over into a total challenge of our politico-economic system.[1]

The vice president – consumer and public affairs of a consumer products company discusses the changing scope of communications:

"There is a trend toward more studied, honest, concise, open and accurate external communications as society, in general, and government and the news media in particular are demanding: (1) more corporate disclosure; (2) increased consumer services; (3) more investigative reporting by media; (4) more responsiveness to government inquiries; and (5) increased activity in social needs.

Media Relations

Relations with the media is one area in which many external relations practitioners see a need for improved skills in communicating. While to some this very basic communications field seems "old hat," others stress the need for improvement – particularly with respect to television.

The media are a conduit to feed information to other constituencies. Yet, because the media represent the prime opinion molders, many executives insist that the media constitute a distinct public – an end in itself rather than just the means. What is called for goes beyond issuing more and better press releases; rather relationships with media spokesmen and, even more important, with media staff, must be cultivated so that the facts will be heard. Many chief executives view relations with the media – particularly the national media – as their personal responsibility.

Business organizations involved in nuclear energy development are among those that have begun active and constructive media relations campaigns. For some time, these companies felt they had been receiving a "bad press." As an example of the problem, one executive mentioned an educational television broadcast on plutonium that discussed the *problems* rather than the *solutions* "because the solutions were complicated and boring." Another cited a group of Nobel prize-winning scientists who held a press conference to discuss the need for nuclear power. A major network ran a segment on nuclear power, but never used the footage it had taken at the press conference. In response to a protest by the chairman of the board of one of the companies involved, the network said it would "run its own business."

[1] R. Heath Larry, *The Pew Memorial Lectures for 1975*, Grove City College, Grove City, Pennsylvania, April 22, 1975.

A Media Relations Effort

Ethyl Corporation recently embarked on an aggressive campaign to achieve a more balanced presentation of the story on lead antiknocks in gasoline. Prior to its efforts, according to the company, the press "could barely spell tetraethyl lead," and corporate spokesmen and public relations people were so busy just "putting out fires" that all they could do was to ask reporters to go and do their own homework if they wanted the facts.

The program adopted consisted primarily of briefings to provide facts to the media and to follow up on any misstatements that appeared in the media. A panel was set up consisting of lawyers, doctors, engineers and conservation experts. Arrangements were made for the panel to "meet the press," so to speak, with principal editors in New York City, Detroit, Washington, D.C., and Houston. Invitations were extended to editors to "bring their pencils so they could write down what they wanted to for future reference." The meetings were to be briefing sessions, rather than press conferences. The panel members promised not to duck any questions. If they could not answer a question, they would explain why.

In the case of California, a different approach was taken in media relations because of the strong environmental feelings in that state. The director of corporate public relations went to California and dealt with the media on a one-to-one basis, instead of group participation. He set up a series of visits in which he called on those representatives of key print and electronic media. Special emphasis was placed on electronic media, since they were the source of a number of negative stories on lead pollution. He made several rebuttals to editorials on TV and also appeared on several news programs.

He provided appropriate California media with printed summaries on the press briefing sessions in other cities and examples of coverage that would result from those briefings. He also held an open house to answer any and all questions on a personal basis.

The results of this one-to-one work in California showed up in the form of much more sympathetic media – notably in the electronic areas. On the print side, one publication in particular that seemed to go out of its way to select negative items on lead began publishing stories that were more factual. Although they did not change their general posture, the company continued to treat them with courtesy and did not change in its approach of service with this publication. This publication was given the same information given to others and continues to receive regularly copies of positive feedback from other cities.

Ethyl feels that the briefings reestablished the company's credibility with the media because management "bent over backwards" to cooperate with the media. As an example of the editorial comment Ethyl received, one environmental magazine said:

"Ethyl has taken its case to the public only rarely although, because of the political nature of the controversy, it does appear before legislative groups. It is unlikely that the company's P.R. approach will change drastically. Ethyl will use every reasonable and prudent opportunity 'to set the record straight.' "[1]

[1] *Environmental Science and Technology* magazine, June, 1971, published by The American Chemical Society, Washington, D.C.

Both examples – and numerous others – point up a situation that frustrates corporate executives. Many feel that business has good experience with the written press. But the electronic media are different and require a different corporate approach. The written press has more time and more space to tell a story; it has thousands of words while radio and television have only hundreds.

At the outset of the lead-in-gasoline controversy, Ethyl Corporation waged a campaign to change atittudes on the "lead" issue (see box). Management is satisfied that the campaign has been successful, and that a company's story can be told with the proper effort in media relations.

A major, worldwide oil company conducts extensive training of line managers to assist them

in dealing with the media in both interview and spontaneous situations. Rather than channel all public statements through headquarters, as had been the practice, line managers are now developed as company spokesmen. In a program designed by an outside public relations firm, line managers are placed in simulated situations. In one, for example, a meeting has just ended and its departing participants are faced with newspeople and cameras. That evening, the participants see their natural reactions to such a confrontation on film; they cover their faces and try to avoid the reporters. For the first time, they begin to have an awareness of the problem. Although there have been some "goofs," the training has been considered successful overall. Many of the managers now seek out speaking engagements.

Improving Economic Education

Teaching the general public the facts about the economic system, and hopefully persuading them of the merits of the free enterprise system, is uppermost in the minds of many corporate executives, as was made clear in the previous chapter. To a large proportion of the respondents, economic education is the answer to the problem of credibility, and the imperative is to improve corporate economic education programs.

As far as business executives are concerned, business cannot rely on others for "proper" economic education. As one executive states:

"Business leaders must play an active role. They must act as spokesmen for the American business system, ranging from grass-roots communication to personal contacts with officials at all levels of government. Rather than keeping a low profile, we in American business should step forward at public and other forums. We must aggressively present the facts about American free enterprise, a system which is too often unnecessarily and irrationally attacked."

Most of those who stress this avenue think that economic education should begin with school children. Some, however, feel even that would be ineffective unless the education process begins with the teachers. Of course, many companies and industry associations have been – and continue to be – active in developing programs for the schools. And economic education programs for various types of employees have long been a staple of corporate training programs.

The nation's bicentennial is seen as a particularly appropriate time to campaign actively for the free enterprise system. One chief executive, for example, points to several bicentennial projects that his company has under way, with their primary thrust directed at restoring business credibility. The company plans a lecture series at colleges across the country, and has published what management considers to be a very well-received "digest," containing many features explaining the free enterprise system and extolling its merits.

Developing Employees as Company Spokesmen

It is quite clear that by economic education, some executives mean "telling the company's story" – gaining a greater appreciation of the role that business in general – and the company in particular – plays in making the system work. Many companies are now determined to do something to tell their story better and to tell it to more people.

While the chief executive remains the principal corporate spokesman, more and more companies no longer leave the job to him. There is an increased movement to have representatives of all levels of management actively spreading the message, meeting with as many audiences as possible, as well as with representatives of local media.

A growing number of companies are seeking new approaches in external relations training programs throughout their organizations, frequently with the assistance of outside counsel, and a number have established in-house speakers bureaus which provide corporate spokespeople for local gatherings of all types and sizes.

• A major oil company, for example, has a speakers bureau with about 200 names of

corporate personnel on the active file. Appearances are concentrated in heavy employment areas.

- A steel company has trained 400 management people in the basic techniques of public speaking, using a flip-chart program designed by an outside public relations counseling firm. The company claims to have had dramatic results.
- Another oil company conducts two-day training sessions specifically to teach executives how to handle television interviews.
- Through the company's own speakers bureau, executives of a utility made more than 1,400 speaking appearances in 1974.
- One hundred and eighty managers of Eaton Corporation were trained by the public relations department and provided with basic speeches which they can tailor to suit individual audiences. The program at Eaton is designed not as an image builder for the company but rather to create public confidence in business in general, as well as an awareness and an understanding of the posture of business. These managers have made over 1,000 speeches in the United States and Canada to a total audience of 60,000 people during the last 18 months. Eaton is about to begin a similar program in the United Kingdom because it judges the U.S. program to have been well received. Eaton's public relations staff also comments on a side benefit: having learned to communicate well with the general public, these managers have also begun to communicate more effectively with their own employees.

The companies that have set up speakers bureaus and public speaking training programs, and those that simply encourage their employees to represent the company whenever an opportunity arises, are generally pleased with the results. They can, of course, actually measure the size of the audience they are reaching, and they can monitor the types of questions and verbal reactions from the audiences.

Not all companies or public relations counselors believe that simply reaching the general public is the best utilization of talent and time. In the first place, a listening public is not necessarily a believing public. As one of the surveyed external relations executive sees it, he is not so certain that once you have told business' story the people will necessarily agree with it.

Then, too, they question whether the thrust should be toward the whole public or toward the key leaders. A public relations counselor says: "It is the opinion leaders and the 'doers' that business must try to reach, not the general public."

Strengthening Government Relations

The corporate chiefs that were surveyed are convinced that business must improve its relations with the government – at all levels – if it is ever to overcome the problems of overregulation. Business must make a concerted effort to understand the intricacies of government, they believe, and management must strive to improve communications with government agencies.

Several CEO's have concluded that business will have to seek a great deal more involvement with government, which some characterize as a form of "partnership" with government. As an outcome of such cooperation, business may be able to "establish a clearly defined government policy so it can plan for the future." By becoming involved early in the formulation of public policy and thinking, business leaders can be active, rather than reactive, to decisions already made and laws already enacted. Involvement, for some companies, means a willingness to devote staff time and resources to the effort – including sabbaticals for government work. And they see companies doing more by way of suggesting constructive alternatives to proposed government solutions that are anathema to business. In situations where government actions are justified, involvement also means willingness to cooperate.

In substance, what more company officials are urging is what some have long practiced: establishing continuing and longer-term relationships with government as opposed to managing on a crisis basis when a critical bill is up for a vote.

Expanding Community Involvement: "Corporate Citizenship"

The increased cooperation with government extends to other institutions as well. It is clear to many chief executives that business must continue to expand programs of involvement with society and to play a more and more active role in the community at large.

They insist that tomorrow's managers must develop an awareness of the external issues, of the company's publics, and of the social environment in which the company operates. They recognize that, more and more frequently, operating decisions will be tempered by external considerations and managers must be prepared to recognize and deal with those externalities. In effect, they spell out what they mean by corporate citizenship or recognizing the corporation as a socio-economic institution.

Members of the management team must also take an active part in the corporate effort, both within the company and externally. They must become involved in the political process and in community affairs so that they can "work within the system rather than fight change."

Many companies encourage political participation in the community. The chief executive of a major bank holding company proudly ticks off the number of mayors, town-council members, and members of school boards who are also full-time management employees of the bank. Other companies have written policies encouraging such participation, and some permit leaves of absence or lend employees for periods of time.

Exhibit 1 is the introduction to Black & Decker's *Social Action Report* and explains the company's social position. Exhibit 2 contains excerpts from Uniroyal's corporate policy as it appears in an in-house manual. These statements are typical of the social commitment of most major corporations.

Only one chief executive expresses a reluctant commitment to this philosophy: "Like it or not – and I don't think I like it – industrial organizations are going to *have* to accept other obligations than making a profit."

As an example of the sort of corporate citizenship efforts being initiated, Stanley Works has created a council of corporate executives to look into and recommend social programs which the company might undertake. This Public Affairs Council, formed about five years ago, is made up of 18 to 20 members selected from all

Doing Our Homework for the Future

"I would suggest that it is up to business to take the lead in focusing discussion on important questions *before* they become political issues. We ought not interest ourselves solely in the day-to-day problems; we must do regular, continuing homework on topics that will be confronting us in the years to come. I suggest the following as possible topics:

"1. Resources – beyond the energy question. How adequate are the future stocks? How will they be allocated? What might this mean in terms of specific industries, jobs and product lines?

"2. Unemployment – not in terms of what percentage of unemployment is tolerable in a democracy but in human terms of the impact as the nation moves against inflation, and in terms of what can be done to help people who are really hurt as opposed to those who may just be inconvenienced for a short period of time.

"3. Health care and the needs of the elderly. Some form of health care bill will doubtless make its way through Congress soon, but that may only be the tip of the iceberg.

"4. Transportation systems – Detroit is not a stranger to this subject.

"5. The pressures for new kinds of control of multinational corporations.

"6. The protection of the individual's right to privacy in a world in which large amounts of information can be stored, dispersed and easily abused.

"7. Again – we must continue to explore further into what the private sector can do to keep its house in better order to preclude further government intervention."

– Irving S. Shapiro
Chairman
E.I. duPont de Nemours & Co.
The Conference Board RECORD
February, 1975.

Exhibit 1: Introduction to Black & Decker's *Social Action Report—1974*

"The meaning of social responsibility for business is being defined and redefined on virtually a daily basis. It means different things to different people. Some feel it should be a corporate accountability for every facet of social need and reported on in much the same manner as a financial balance sheet. Others feel that the sole social responsibility of a corporation is to earn a profit which, in turn, benefits employees, stockholders and customers.

"We don't pretend to know the proper answer to the social responsibility debate. However, we do recognize that a bankrupt business merely results in unemployment, loss of investment, and further burdens to the public. In view of this fact, we consider the operation of a profitable business our primary responsibility. We recognize that we can serve society effectively only by continuing to operate on that basis.

"While we place profitability foremost, we have never believed that involvement in social actions need be a deterrent to success. In fact, we consider such involvement a requisite for progress. Our company from its beginning in 1910 has practiced the 'Golden Rule.' This philosophy recognizes a true respect for the dignity of the individual and the proper tolerance of the view of others. More than 50 years ago our founders stated, 'We do not believe in discrimination and we decline to give to *one* what we would not give to *all*.' We continue to follow that philosophy.

"It is understood throughout the organization that we will try our best to treat other people fairly and honestly. And, that we will become involved — as a company and as individuals — in community and civic activities aimed at improving the general welfare of people everywhere.

"Our efforts with regard to social action are not generally publicized. To 'report' on good deeds diminishes the integrity and sincerity of the acts. However, because so many people have asked for information regarding our involvement in social activities, we have tried to outline a number of them in this brochure. It is our intention to update the contents periodically and make the brochure available to people expressing a genuine interest in the subject.

"Our motivation for helping people is not to build a 'good guy' image or to profit commercially. We are committed to following a policy of helping whenever and wherever possible simply because we believe, as our founders did, that it's the right thing to do. We will continue to fulfill that commitment as long as we remain a successful business enterprise."

levels of management, all of whom serve on the Council on a three-year rotating basis. The chief executive officer of the company serves as chairman of the council at corporate headquarters, and there are similar councils at a number of other locations around the country.

The mission of the Council is to come up with realistic and constructive community programs for Stanley operations at these locations, within the limitations of a modest budget and a low profile. Some of the areas covered include education, environment, economic education, and community relations. For example, the Council has assisted a municipal housing development located across the street from one of the company's plants. Not only have small amounts of money been contributed for recreation programs, but staff expertise has also been furnished in such fields as accounting. Programs such as this one are not publicized, says the Stanley Works CEO, in order to avoid having the local community think they were being done only for public relations reasons.

Corporate Contributions

Charitable contributions programs are gaining more importance as an aspect of social involvement. It is common practice to place the administration of the contributions program in the public relations or public affairs department, or to include the external relations executive on the company's contributions committee.

In general, the external relations executives contacted assume that the contributions program has been assigned to them for a reason, and that reason is to look at the external implications and priorities of each contribution. Obviously, there are innumerable potential recipients for a company's money. But where

Exhibit 2: Uniroyal – A Company Committed

"Business prospers best in areas where a good social climate prevails – maintained by rising living standards, an equitable distribution of the fruits of capital and labor, educated workers, sophisticated consumers, free competition among privately controlled enterprises, and good relationships between industry and the public it serves. . . .

"Uniroyal management fully realizes that efficiency and innovation – while fundamental to continued economic well-being – are not enough. In order to survive and grow, the company must also take an active and prominent role in developing solutions to our present-day social and environmental problems."

will it do the most good – for both the recipient and the company in terms of the company's reputation and its long-term relationships with others?

It is not simply a matter of gaining the most "mileage for the company," of course. A renowned public relations practitioner says in a critique of his profession: "Public relations misleads businessmen when it suggests that practical rewards can or should always be expected from public-spirited deeds. If a payoff must be guaranteed, it might be better not to bother."[2]

Improving Research Methods

While most corporate executives stress improving their approach to the known issues and publics, an appreciable number stress the unknown: the new issues, the new publics with which the company will contend tomorrow. One in ten of the CEO's made specific mention of "futures" research. For most companies, long-range planning includes emphasis on future economic developments.

Issues Research

There is growing interest in research on social and environmental developments. Futures research has become intriguing to management, and a few companies have set up departments to conduct it. Others rely on outside firms, the so-called think tanks, which conduct sophisticated investigations of future trends in lifestyles.

Fifteen years ago, the Equitable Life Assurance Society set up a social research department headed by a prominent sociologist. The original mission of the department was to look ahead ten years and determine what public issues and attitudes would be affecting the company. The department conducts studies of both the internal and external environment. Typical of its work are surveys of its own policyholders, and studies of trends in women's and minority issues.

The corporate relations function at a major diversified company is deeply involved in environmental monitoring. Among the areas they monitor are:

- ecology
- trends in shareholder resolutions and the votes on them
- legislation affecting the company
- issues affecting the multinational corporation concept.

Public Opinion Research

Much of external relations research is public opinion research. One of the basic mandates of the public relations or public affairs practitioner is to anticipate changes in publics and upcoming issues. As a result, a great deal of thought and effort is expended on opinion sampling, market research, and related issues. Some companies have the staff and the budget to conduct their own research; others hire outside firms to do the sampling. One external relations executive estimates that ten percent of the communications budget should go into research and attitudes measurement. Those that conduct their own research frequently supplement their data with outside material, or use one to validate the other. A major utility, for example, uses every available outside survey and conducts its own surveys, polling opinions both on the company's

[2] David Finn, "The Promise of P.R. – and the Threat," *The Conference Board RECORD*, April, 1970.

image in general, and on specific topical issues or problems.

Despite – or because of – this present emphasis on public opinion research, the practitioners and CEO's give it even greater weight in the future. However, public relations practitioners have expressed concern about the current state of the art, i.e., sample selection, question formulation, the order in which questions are asked, the timing of the survey – and the other ingredients that make it possible for several to say "I can get you anything you want." What they seek are more effective tools.

But what is most important is attaining an even better understanding of the motivations and ideologies of those who are challenging the institution of business – the "hostile portions of the intellectual and legal communities," to quote the president of a publishing firm. Respondents acknowledge a pressing need for better research and sampling techniques so that business can anticipate changing public attitudes and influence them to a greater extent than has been done to date.

Part Two:
Managing the Corporate Function

Chapter 3
Organizing for External Relations

MUCH OF THE WORK connected with external relations is carried out by a special staff unit. The unit may consist of one individual. But, in virtually all companies participating in this survey, it includes far more than one. Indeed, the complexity of external relations has given rise to a whole set of more specialized staff units. And while issues are the substance of the work, the units are most often organized on a market basis. Thus, the basic functional components of external relations can be equated with the various publics of the company. Typically, the functional units include:

Media relations – Communication between the company and representatives of the press, radio and television; preparation of press releases and other statements to the media; coordination of company interviews with reporters; and all other formal dealings with the media.

Government relations – Contact with government officials and staff, on the federal, state and local levels. The responsibility here is again communication, telling the company's story to legislators and regulatory agencies. Another aspect of the function is legislative analysis – interpreting and evaluating proposed legislation that could affect the company.

Stockholder relations – Preparing all reports and statements for stockholders, including annual and interim reports; setting up the annual meeting; handling stockholder inquiries.

Institutional investor relations – Here communication is with the professional investor, the financial institutions. The primary tasks are handling inquiries, coordinating contacts with other executives of the company, and maintaining relationships with key investors.

Customer relations and consumer affairs – Handling complaints and inquiries from customers; preparing informational literature; and acting as liaison with consumer activist groups.

Community relations – Coordinating relations with local community agencies and civic groups; administering special company programs at the local level.

Other even more specialized units which are often a part of external relations include graphics, advertising, corporate contributions, and units dealing with various special interest groups. Appendix B provides a compendium of those units and subunits common to external relations functions in a broad range of companies.

All of these functional units are "mixed and matched" in an assortment of organizational combinations or partial combinations. For example:

- In some companies, Federal Government relations is a marketing function, concerned with winning government contracts, rather than a communications function.
- In privately held companies and mutual insurance companies, there are no stockholders.
- Trade media may be handled at the division level or by corporate staff; the same is true of local media.
- Stockholder relations and institutional investor relations may or may not be combined as one function.
- In some companies, institutional investor relations is handled by the financial department; in others by public relations.
- Public relations could include investor relations, stockholder relations, and corporate contributions at one company, and only media relations at the next.

The variations abound. Many of them can be attributed to rapid growth of the function – "It grew like Topsy." Some, as already indicated, are growing by design out of varying perceptions of the different issues and publics. But because of the greater prominence external

relations is assuming, its management commands more attention.

To what extent do companies see a need to coordinate their dealings with all of their publics? Does management attempt to develop a common thread which can be woven through the fabric of relationships with all of those publics? Is there a need for consistency of communications no matter what the audience? Or is it preferable to differentiate among such functions, and call on specialized skills to handle each externality?

There are many means by which coordination of all of the various corporate publics can be achieved: a formal committee made up of all top executives handling all external activities, a "dotted-line" relationship between units, or even an informal communication system among the units. But the key indicator of how the effort is managed is the organization structure.

Two Organization Patterns

Looking at the 368 companies surveyed, in terms of how they have structured their external relations activities, it is evident that the companies fall into one of two broad organizational patterns:

- There is no single dominant executive below the level of chief executive to whom all external relations functions report.
- There is one executive – below the level of chief executive – who is responsible for all, or the major segments of, external relations functions.

Analysis of responses to this survey shows a trend toward the second approach: the organization of all external relations under one executive. Of those companies that have this type of structure, more than half indicate that this represents the result of reorganization within the past five years. Since it was not too many years before that that even a public relations department was a newcomer to the organization picture, the trend seems clear. And even among those companies that do not choose to consolidate external relations structurally, almost all achieve cohesion through some other mechanism.

The Pros and Cons of Coordination

External relations executives are about evenly split in their preference for one coordinated unit or for separate units. Those in favor of the coordinated approach say that consistency is critical to effective external relations; the company must speak with one voice. Further, they see a commonality among all of the publics of the company and see each of those publics as part of a whole.

Those executives favoring separate external units stress the special skills required for dealing with different publics. Several note that their organizations are much too large to have one executive handling all external publics. Professional organization planners tend to reach the same conclusions as the practitioners do (see box, pages 24-26), although their preferences evolve from a different perspective.

No One External Relations Executive

The largest number of respondents have evidently found avenues to coordination that are not strictly structural. In these companies, the executives responsible for one or a few external publics report directly to the chief executive, or to a general executive. Other executives in the company are responsible for other segments of external activities, and they also report individually either to the CEO or to a general executive.

This pattern of having a number of executives below the level of chief executive officer, each responsible for one or a few of the company's activities relating to external publics, is quite prevalent among the companies surveyed. This diffuse organizational arrangement occurs in a cross section of industries and in both large and small companies.

In the smaller firms, the chief executives take on the direct responsibility for some of the constituencies; some other functions may report to the chief executive officer through a

The Search for an "Optimum" External Relations Structure

"One best way to organize a function" – "the optimum structure" – are phrases that organization planners shun. If there is any consensus among topnotch corporate organization planners, it is that there is no "one best way" to organize anything. It depends upon a flock of variables – key among them is the situation that confronts the company; the weighted or relative emphasis the company hopes to give a certain effort. Any structure usually represents a pragmatic balancing of various trade-offs.

This is clearly the case when it comes to organizing for effective external relations. Analysis of the companies participating in this study shows that variations in structure abound. Which is best? Judging from evaluations of a panel of organization planning specialists, the clear answer is: "It all depends."[1] Asked to analyze at least two substantially different ways of structuring external relations activities, they point out strengths and weaknesses in both – in the abstract, of course.

Take Model A – a hypothetical construct that might be called a "decentralized" or "fragmented" (depending upon one's bias) approach: What are the possible advantages in such a structure?

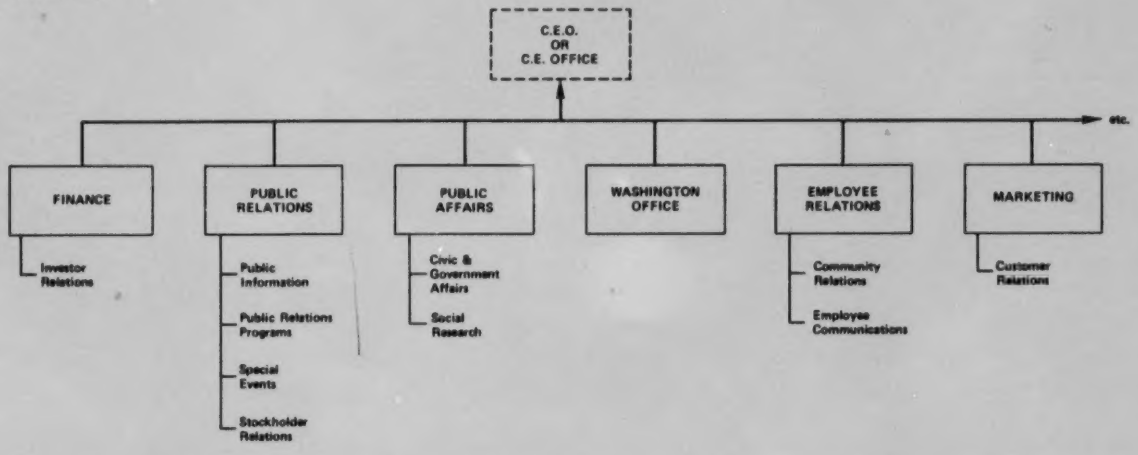
[1] Members of the Conference Board Council on Organization Planning provided the evaluations and analyses of models.

The direct involvement of the chief executive in external relations is one of the primary virtues seen in that structure. In such a setup, only the CEO can coordinate all the activities, and contribute personal direction to external relations. Furthermore, the fact that there is no intervening layer between the CEO and key functionaries in external relations means shortened lines of communication which, in turn, contribute to more uncensored feedback and input to the CEO's thinking regarding external involvements.

Another major strength of Model A is that both internal and external activities that are key to total performance in such vital areas as finance and marketing are the job of an individual executive. The structure recognizes that there may well be the need for specialized marketing know-how in dealing with customers; specialized financial know-how in dealing with the financial community. More importantly the structure is seen as forcing greater responsiveness to these specialized publics. As summarized by one organization planner: "The responsible officer makes the decisions for dollars and energy and manpower – and is obligated to report in terms of practical achievements."

In citing these possible advantages, the organization planners seemed to be saying, "If forced to say something good about Model A, that's the best I can do." One categorically said "none."

Model A:



They had far less difficulty in pointing out what they regard as weaknesses – and were more vehement about them. The chief executive's direct involvement in coordinating the effort, for example, is an advantage only if the CEO actually does the job. However, most doubt that he will have, or can have, the time. "The CEO's span of control would be too broad." "It would detract from other essential activities." "It would force delays because he is so busy." "It is inappropriate to expect him to act as coordinator." These are typical expressions of serious doubts about the structure.

Another set of criticisms can be summarized: "It ain't neat." One respondent sees in Model A "fragmented, ambiguous, overlapping responsibilities." Others speculate: "Someone has created jobs to take care of some old war horses." "Denotes a patchwork approach – with activities added by impulse rather than analysis."

Organization planners evidently view external relations as an area characterized by common problems and common processes. They see in Model A an expensive duplication of effort; they expect conflict among the units not just for the attention of the chief executive but, as one says, "for the eyes, ears and mouth of the Washington office."

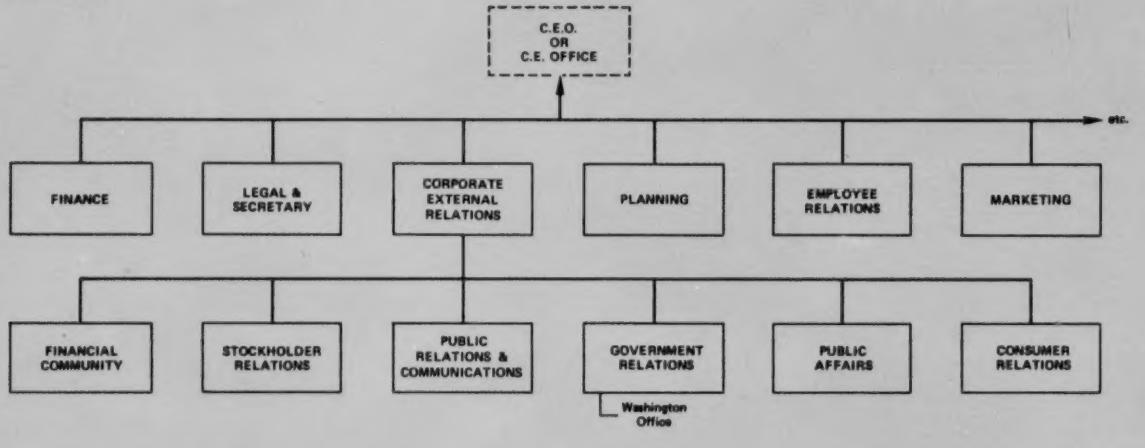
The weakness implicit in Model A that is viewed as most compelling is the difficulty it poses for developing and projecting a uniform or consistent corporate image. Having several spokesmen – who might or might not coordinate their efforts – would present problems in establishing an overall corporate policy and, more importantly, in interpreting and policing that policy. It "splinters," it "fractionates" the total effort; it "diffuses accountability for total corporate image."

Model B is quite the opposite. It hypothesizes a "centralized" or "integrated" structure (again, depending upon one's view). Obviously, Model A's weaknesses are its major strengths.

The insertion of one top executive below the level of chief executive to whom all the more specialized external relations departments must report cuts the span of control of the chief executive – with all the improved coordination, attention and feedback that implies. "It recognizes that coordination is a full-time job." "It allows the CEO to obtain fully developed counsel from one source." "Fixes responsibility on one individual to whom the CEO can look." The possible greater pooling of skills and added developmental opportunities are also mentioned as advantages.

But the advantages cited most frequently and emphatically are succinctly summarized in the comment: "One approach, one viewpoint, one voice, one consistent policy." To some respondents, the major advantage of consistency – plus the more effective monitoring of performance it

Model B:



The Search for an "Optimum" External Relations Structure (con't.)

makes possible – offsets all the disadvantages. But many disadvantages are cited.

It adds a layer to the organization – which can be read as a filter or censor – that removes the chief executive from direct involvement. As one respondent noted, "It builds bureaucracy to combat a bureaucracy." And there is a real question as to whether it is healthy to establish one "Mr. External Relations." Can one person have the competence to harness the varied skills?

More urgent, to some, is the concern that such a setup may be viewed by operational or line units as relieving them of their external relations job. The fact that Model B sets up a "Mr. Outside" (or "Mr. Inside") in certain areas of concern – especially finance and marketing – is a related disadvantage. To most of the organization planners, this is the greatest disadvantage. They see finance and marketing losing direct control of external relations with publics critical to their successful performance.

Indeed, in weighing the two organizational setups, the responding organization planners seem to offer several guidelines for structuring external relations work:

(1) *If* projecting a consistent character to the outside world is crucial, then a structure that coordinates the varied activities serves that purpose best.

(2) *If* nurturing special relationships with distinct publics is most critical, then tying external relations to the function most closely linked with the public served takes priority.

(3) *If* both consistency and specialized attention are of relatively equal importance, then search for alternatives to Model A or B that give adequate emphasis to both objectives. And there are obviously alternatives – as indicated by actual company practice and in the suggestions of the cooperating organization planners. For example, in reviewing the pros and cons cited, a number of the organization planners make abundantly clear their feeling that relations with the financial community should be a continuing part of the finance function; that relations with customers or consumer groups is integral to the overall marketing function. Few would sacrifice that tie for the sake of consistency. Or, more appropriately, they seem to feel that consistency will not necessarily be sacrificed by maintaining those particular functional ties.

However, when it comes to less readily identifiable publics or constituencies, or to publics where corporate activities overlap, the clear suggestion is that these activities be coordinated by one head. Thus, most would group under one head (title is immaterial) public relations and public affairs (to the extent they can be distinguished) with government relations and the Washington office.

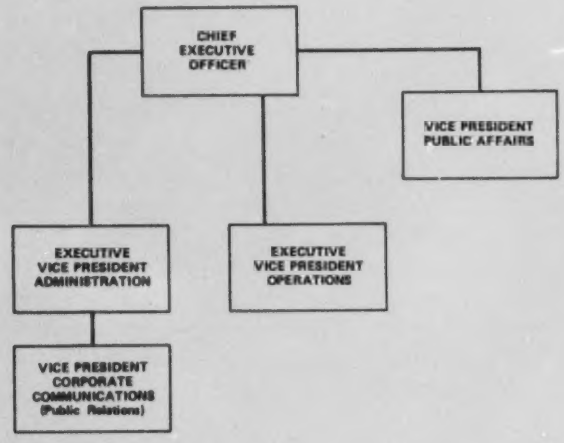
A few go even further, suggesting that structure be more flexible to permit varying emphases at different times. The need for a focal point to develop, to coordinate, to monitor consistency is underscored. But, having set up the focal point, as one planner suggests: "Allow selected individual central staff units to deal directly with their own constituencies (removing them from the umbrella of the corporate external relations department) on a case-by-case review of the relative importance of the advantages and disadvantages in the particular company at the particular time for the particular function under consideration."

The final caution appended is that flexibility – as detailed above – not be confused with ambiguity. There is a substantial difference between "It all depends," and "Anything goes."

staff executive. Most often, in such cases, it is government relations that the chief executive officer feels is most pertinent to his responsibility. He must make the important visits in Washington.

Some of the largest firms – those that are highly diversified in operations and geographically dispersed – find that their need for more specialized knowledge and skills to carry out the various external activities tends to spawn a number of specialized units. A common approach in these companies that have no one overall staff executive coordinator below the level of chief executive is to have one or more

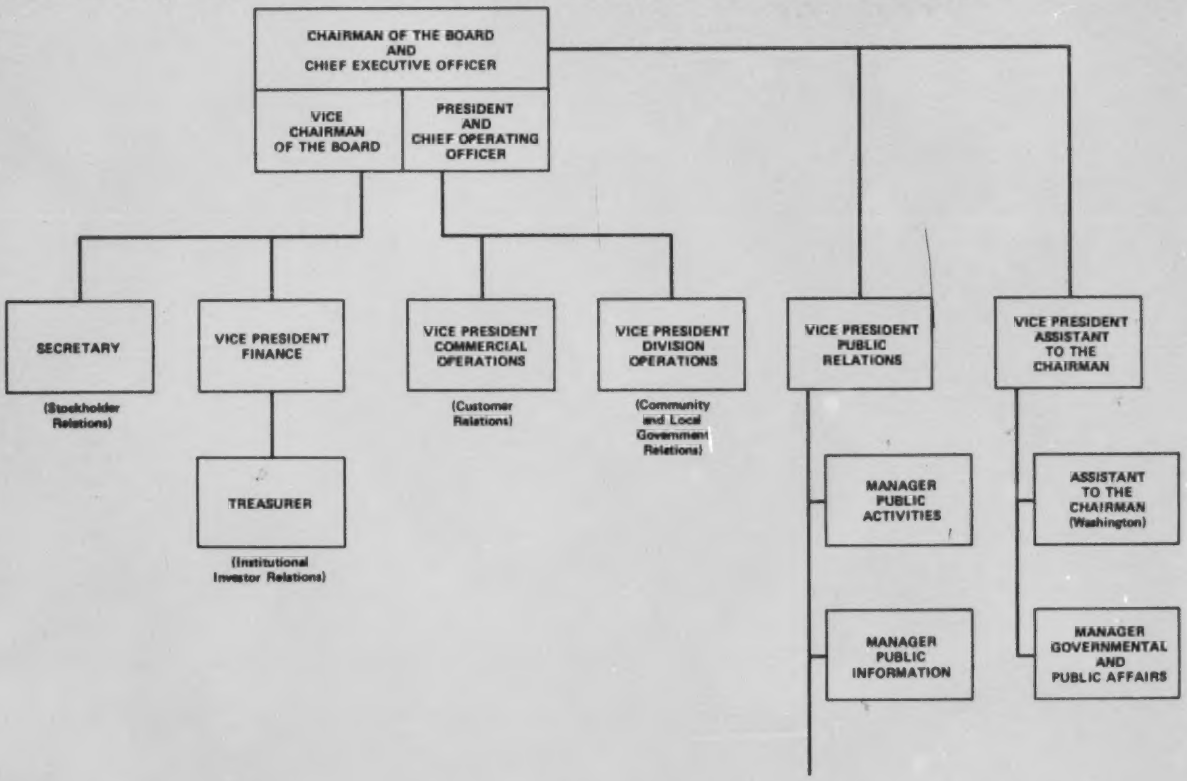
Exhibit 3: A Diversified Company with Split Staff in External Relations


CHIEF EXECUTIVE OFFICER
VICE PRESIDENT PUBLIC AFFAIRS
EXECUTIVE VICE PRESIDENT ADMINISTRATION
EXECUTIVE VICE PRESIDENT OPERATIONS
VICE PRESIDENT CORPORATE COMMUNICATIONS (Public Relations)

units – the public affairs or Washington office is typical – report directly to the CEO; while other external activities, possibly public relations or investor relations, report at a lower level. Exhibit 3 illustrates such an arrangement in a highly diversified company.

The organization chart shown in Exhibit 4 provides another, more detailed example of this specialized approach to organizing. As shown on the chart, public affairs and government relations report to the vice president/ assistant to the chairman, who reports to the chairman of the board – chief executive officer. Public relations is a separate unit that also reports directly to the chairman. Stockholder relations is handled by the secretary, and institutional investor relations, as part of finance, by the treasurer. Both the secretary and the head of finance report to the vice chairman of the board. Customer services reports to the vice president – commercial operations, and community relations and local government relations are handled by the division (regional) managers who report to the vice president –

Exhibit 4: Partial Organization Chart Showing Multiple Staff Units in External Relations



division operations. Both the vice president – commercial operations and the vice president – division operations report to the president – chief operating officer.

According to the senior officer in charge of public affairs and government relations, this segmented approach is preferable because the "nature of problems and kinds of programs needed to deal with them are too numerous and diverse to expect much benefit from centralizing under one staff executive." In this organization, coordination is achieved for the most part by informal interdepartment consultation, although ad hoc coordinating groups are formed if needed to handle particular problems that arise from time to time.

This line of reasoning is also endorsed by an executive of a consumer products company, who explains that because his company does not view external relations as an "entity" it has not given special organizational consideration to them. Of course, the companies that do not have one executive below the level of chief executive responsible for activities relating to all external publics may combine two or three activities under one of the staff executives in the organization while the rest are scattered among other units.

Even in companies where all external functions do not report to one executive, an informal organizational coordination can be in effect. The Panhandle Eastern Pipeline Company's interdepartmental operating relationship with regard to external affairs is illustrated in Exhibit 5. This chart indicates the two-way relationship the external affairs department maintains with other functions that have more direct responsibility for dealings with special publics.

One Executive Coordinates External Relations

While the first pattern – an organization structure with more than one external relations executive – is still very evident, the trend is

Exhibit 5: Interdepartmental Coordination – Panhandle Eastern Pipeline Company

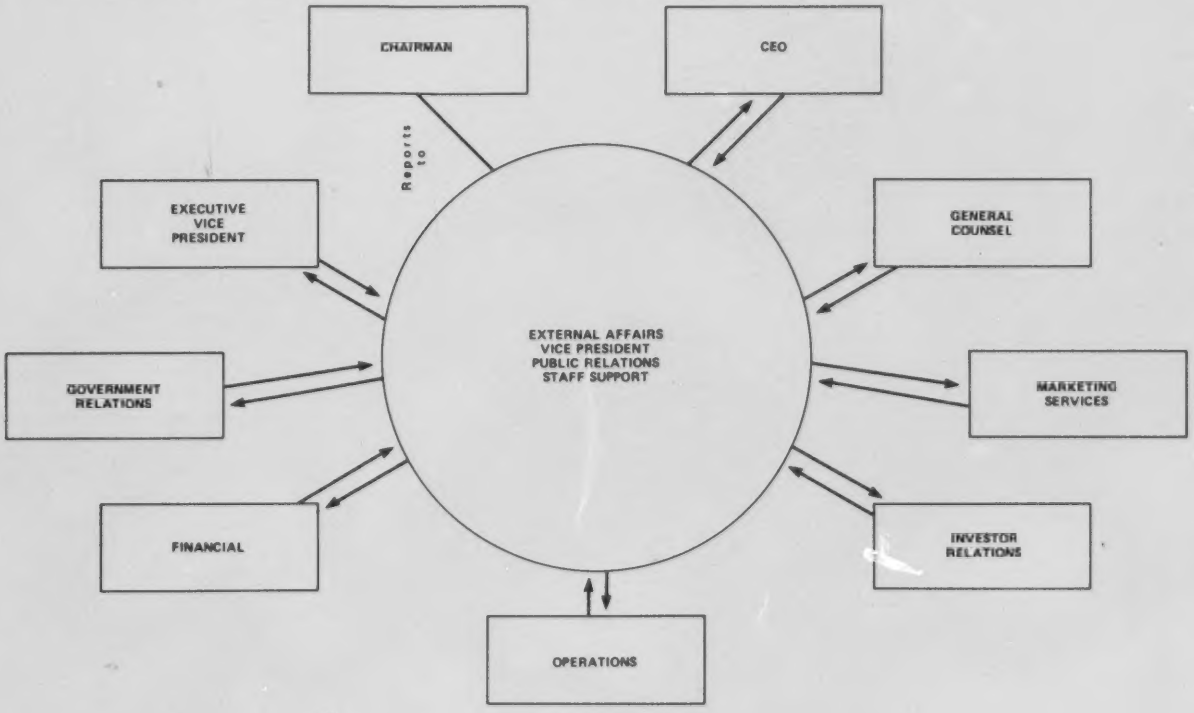
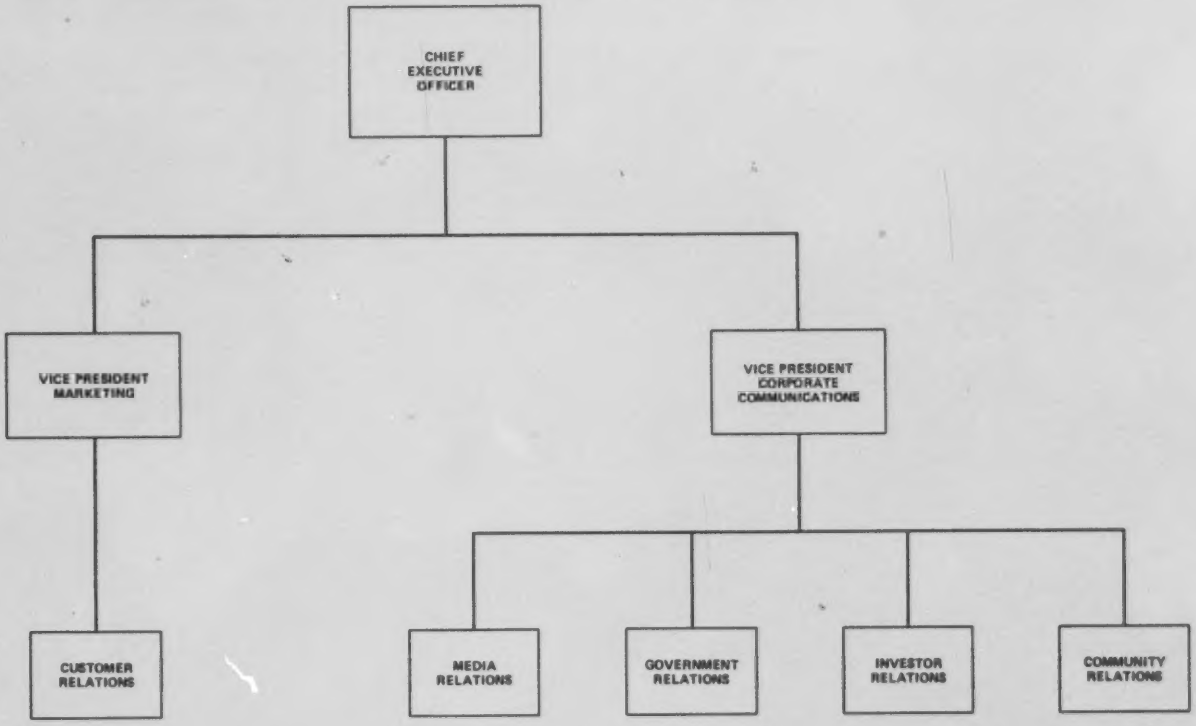


Exhibit 6: Coordinating All but Customer Relations – A Manufacturer



toward structural unification of external relations functions. Of 303 companies whose external relations executive participated in this survey. 176 report one executive is responsible for either all external relations or for the major segments of the external relations function.

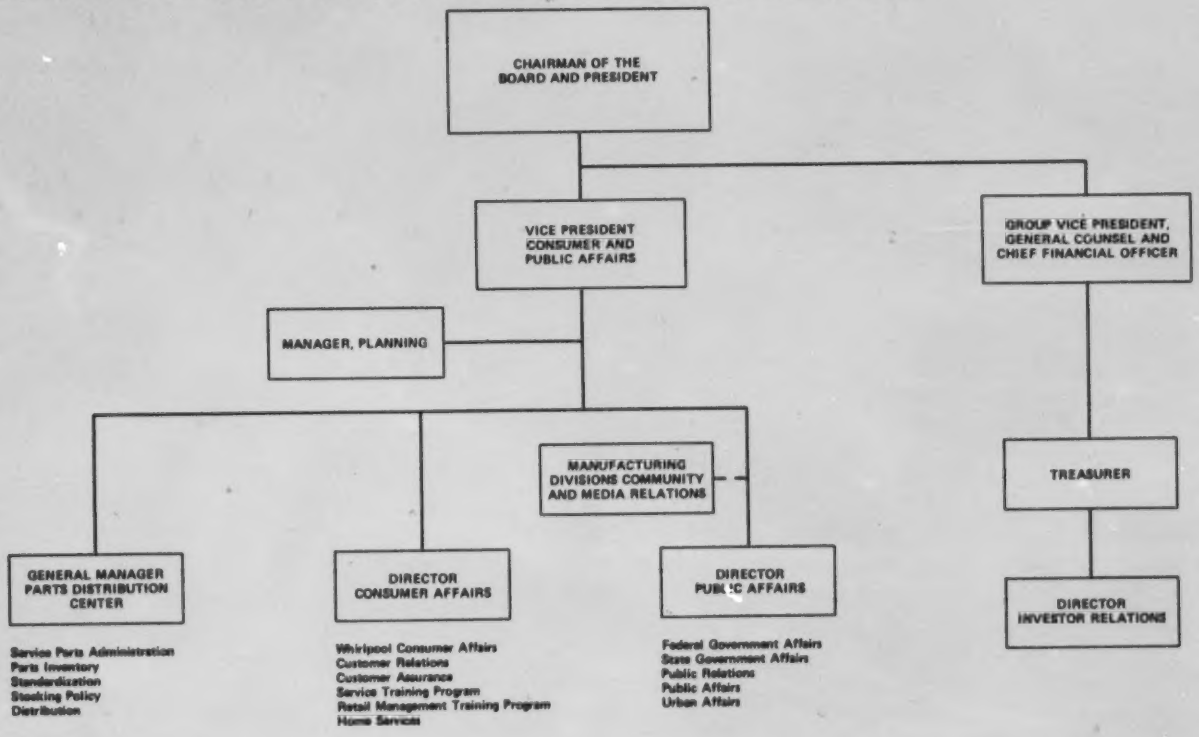
Most Major Segments of External Relations Coordinated by One Executive

An appreciable number of the companies surveyed follow a middle-ground approach. They have one staff executive who is responsible for several of the company's publics, while the other publics are dealt with by a variety of other executives throughout the corporate structure. Where such an arrangement exists, the most frequent pattern is one in which all of the external publics other than customers and/or investors are grouped under one executive. The constituency most often excluded in such semicoordinated structures is the customer or consumer (see Exhibit 6). A Conference Board report, published in 1973, found that consumer affairs units most frequently report as a separate function to a general executive.[1] That picture has not changed.

Many public affairs executives distinguish between customer relations and consumer affairs, or between servicing complaints and setting "consumerism" policy. Where the latter is the activity, they feel it more frequently falls within the scope of external relations: "When a company maintains a cohesive attitude toward all of its external communications, that necessarily includes customer "communication."

[1] E. Patrick McGuire, *The Consumer Affairs Department, Organization and Functions,* The Conference Board, 1973, Report No. 609, indicated that, of 117 companies having full-time consumer affairs units, 62 percent reported to general management as a separate unit; 18 percent reported to a public relations executive; 12 percent reported to a marketing or sales executive; and 8 percent reported elsewhere in the organization.

Exhibit 7: Coordination of Consumer and Public Affairs – Whirlpool Corporation



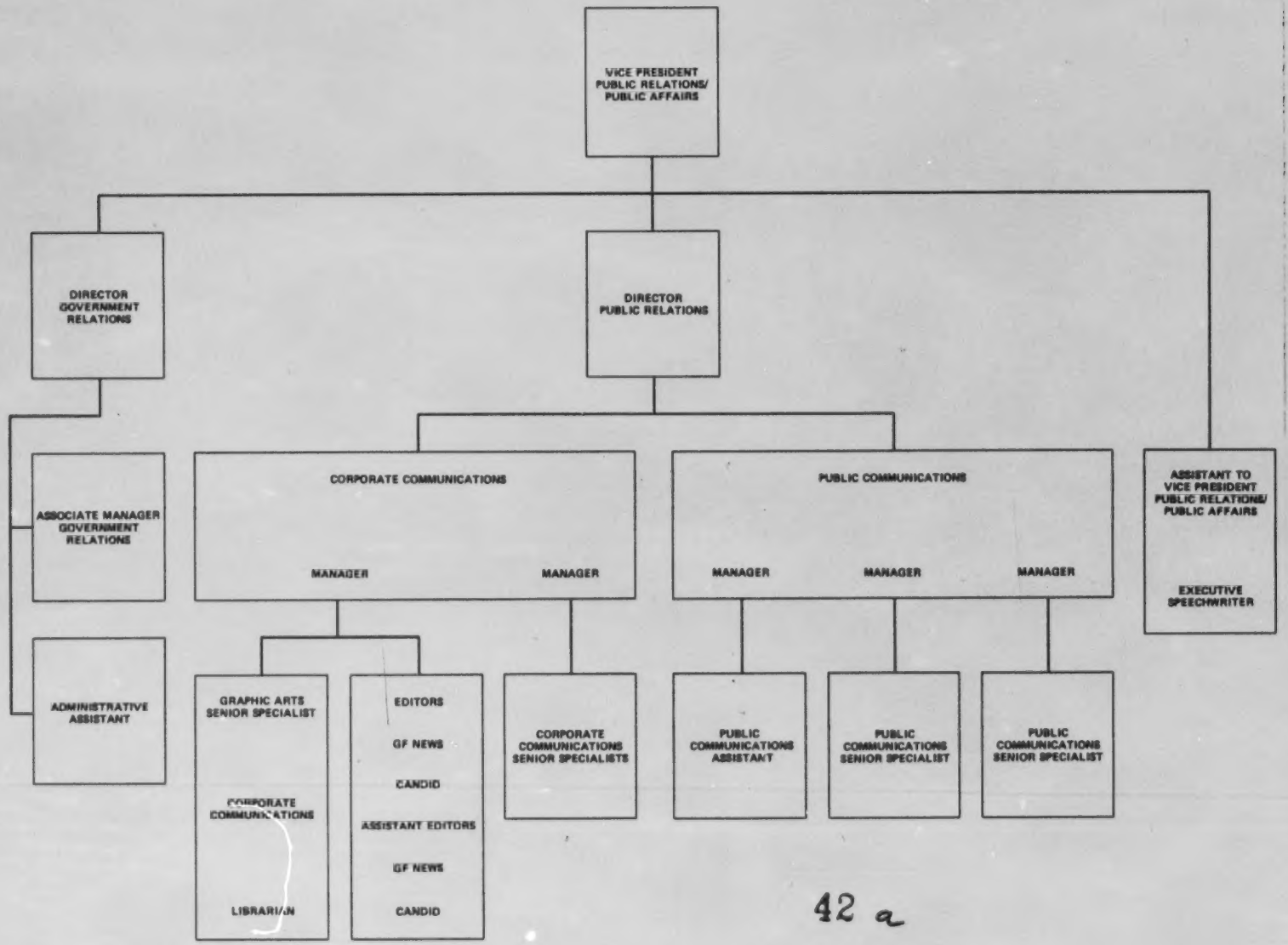
In reality, however, some of these lines may not be so easily defined. As a vice president – public affairs comments: "I don't handle customer complaint letters; marketing does. But where a customer is also a stockholder and writes to us about our P/E ratio, the letter comes to me."

The responsibilities of the vice president – consumer and public affairs of Whirlpool Corporation (see Exhibit 7) do include the consumer constituency. The unification of consumer affairs and public affairs is the product of a recent reorganization, in which public affairs was brought under the aegis of the consumer affairs executive. At Whirlpool, however, stockholder and institutional investor relations report to the group vice president – finance.

Second to the customer, the public most frequently excluded from the coordinated core group is the investor, and most frequently the institutional investor rather than the individual stockholder.[2] Not only are customers and investors the two publics most frequently excluded from the coordinated reporting structure, but the pattern most often followed is to exclude both. This pattern is illustrated in the organization at General Foods (see Exhibit 8), which combines public relations, public affairs, and government relations under the vice president – public relations/public affairs, who reports to the vice chairman. Stockholder and

[2] A recent Conference Board study (Phyllis S. McGrath, *Communicating with Professional Investors*, The Conference Board, 1974, Report No. 644) of how companies deal with institutional investors reinforces this finding. That report concluded that the majority of investor relations executives report through financial channels rather than through communications or external relations lines. At the same time, it was apparent that a combination of both disciplines – finance and communications – was essential to the performance of the total task and, no matter what the actual structural arrangement, there is generally some informal or dotted line connection to the other function.

Exhibit 8: Combining Public Relations, Public Affairs, and Government Relations – General Foods Corporation



42 a

42

institutional investor relations are in the financial organization. Consumer relations and product publicity in women's interest media are under the direction of the vice president – consumer affairs. (Public relations handles product publicity in trade and general media.) There is a close working relationship, however, between public relations and the people who handle both consumer affairs and investor relations. The vice president – public relations/public affairs sits on committees with the functional heads of the other areas to formulate policy and develop joint programs.

At Shell Oil Company (Exhibit 9) the vice president of public affairs has responsibility for planning and coordination of all corporate communications. His own staff directly handles media relations and a variety of public relations programs. In keeping with the special emphasis oil companies are placing on external relations growing out of the increasing government regulation of business, government relations also is part of public affairs. In this company, the vice president is also responsible for consultation on international affairs, an area of growing concern and increasingly active constituencies. Stockholder relations reports to the general counsel and investor relations to the vice president – finance. Neither appears on the public affairs chart. This company believes that the importance of coordination and liaison cannot be understated. Even without structured reporting relations linking all constituency activities, management expects that coordination can be achieved through the public affairs department.

Some other exclusion patterns include:

- Coordinating all but government relations (federal, state and local)
- Coordinating all but customer relations and community affairs
- Coordinating all but stockholders, customers and community affairs
- Coordinating all but community affairs.

What typically happens in the above cases is that government relations reports directly to senior management; customer relations reports through a general executive or through marketing; stockholder affairs reports through finance; and community affairs is handled at the plant level.

In another pattern, customer relations and government relations are the two segments separated. An extractive resources company (see Exhibit 10) places public relations, institutional investor relations, stockholder relations, advertising and employee/community communications under the vice president – corporate public relations and communications. The department also has an extensive public issues research unit, whose mission is to anticipate issues and changing publics. Although customer relations and government relations report to other executives, this company perceives its structure as coordinated. "We have a significant advantage in that all corporate level communications are consolidated in a single staff unit. This enables us to program employee, customer and public-at-large communications consistently and to balance staff and dollar resources devoted to each."

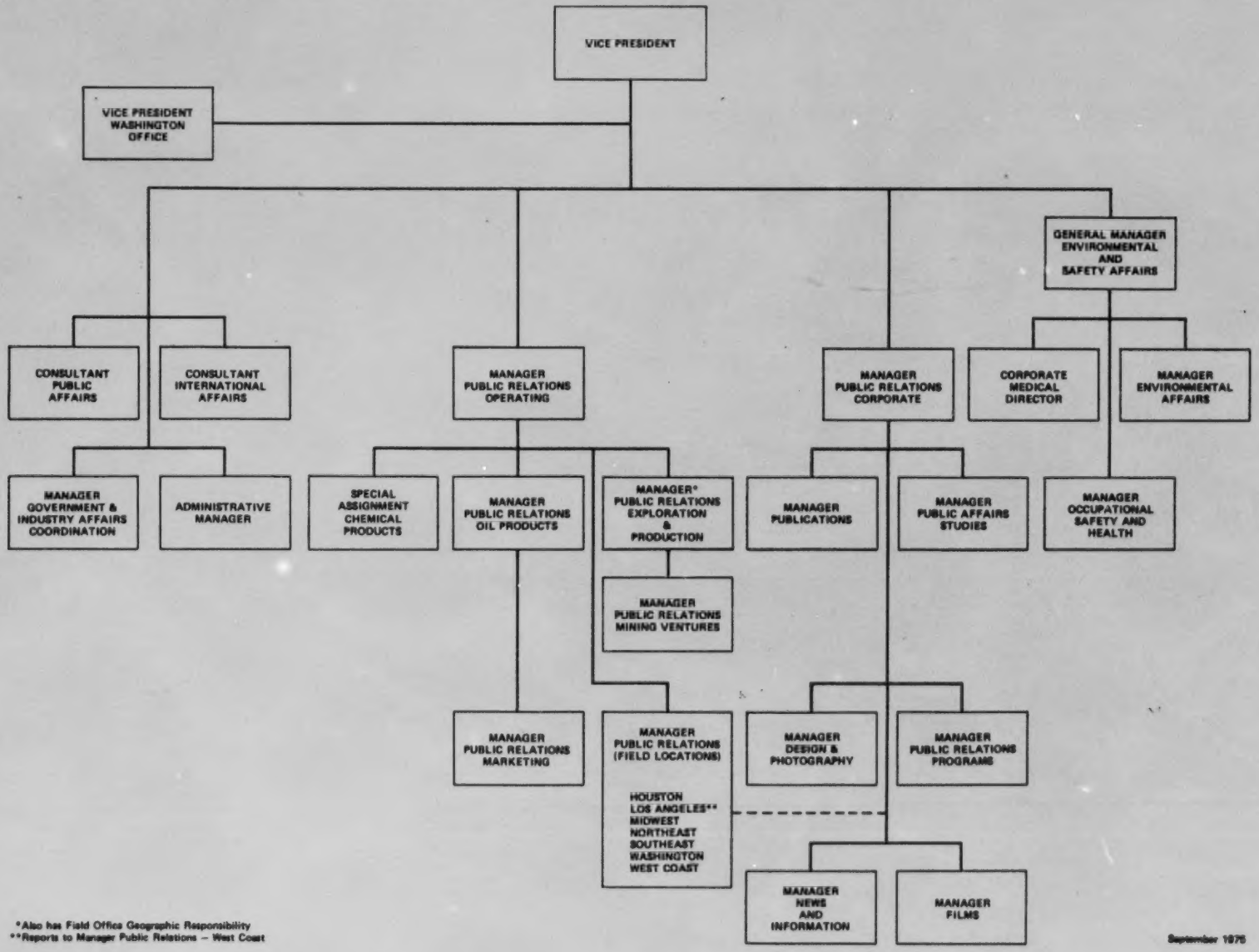
All External Functions Report to One Executive

Among the companies with a more unified organizational approach to external relations, 41 have designated one executive who has responsibility for all of the external relations activities of the company – government relations (federal, state and local), stockholder and institutional investor relations, consumer affairs, and community relations. In many of these companies, this unified external relations structure is the result of recent reorganization.

This trend is clearly evident among all categories of companies. The group of 41 includes manufacturers of industrial and consumer products, insurance companies, extractive resources companies, and utilities. Companies in the group range widely in size – from $330 million to $2.6 billion in net sales.

Allis-Chalmers' chart (Exhibit 11) contains all of the company's external functions. Government affairs, community relations,

Exhibit 9: All Segments except Stockholder and Investor Relations – Shell Oil Company



*Also has Field Office Geographic Responsibility
**Reports to Manager Public Relations – West Coast

September 1975

44

44 a

Exhibit 10: Coordinating All Publics except Customers and Government – An Extractive Resources Company

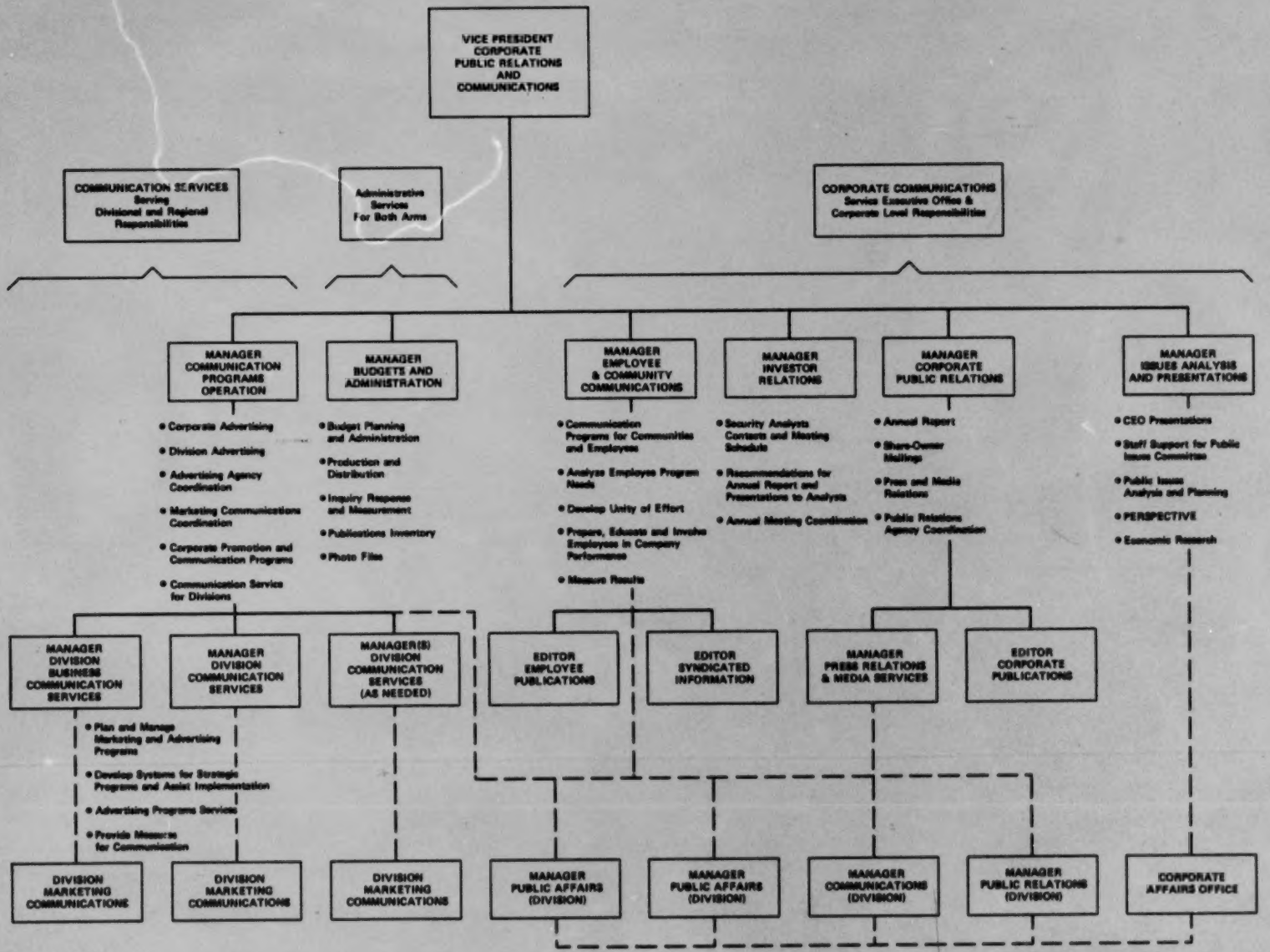
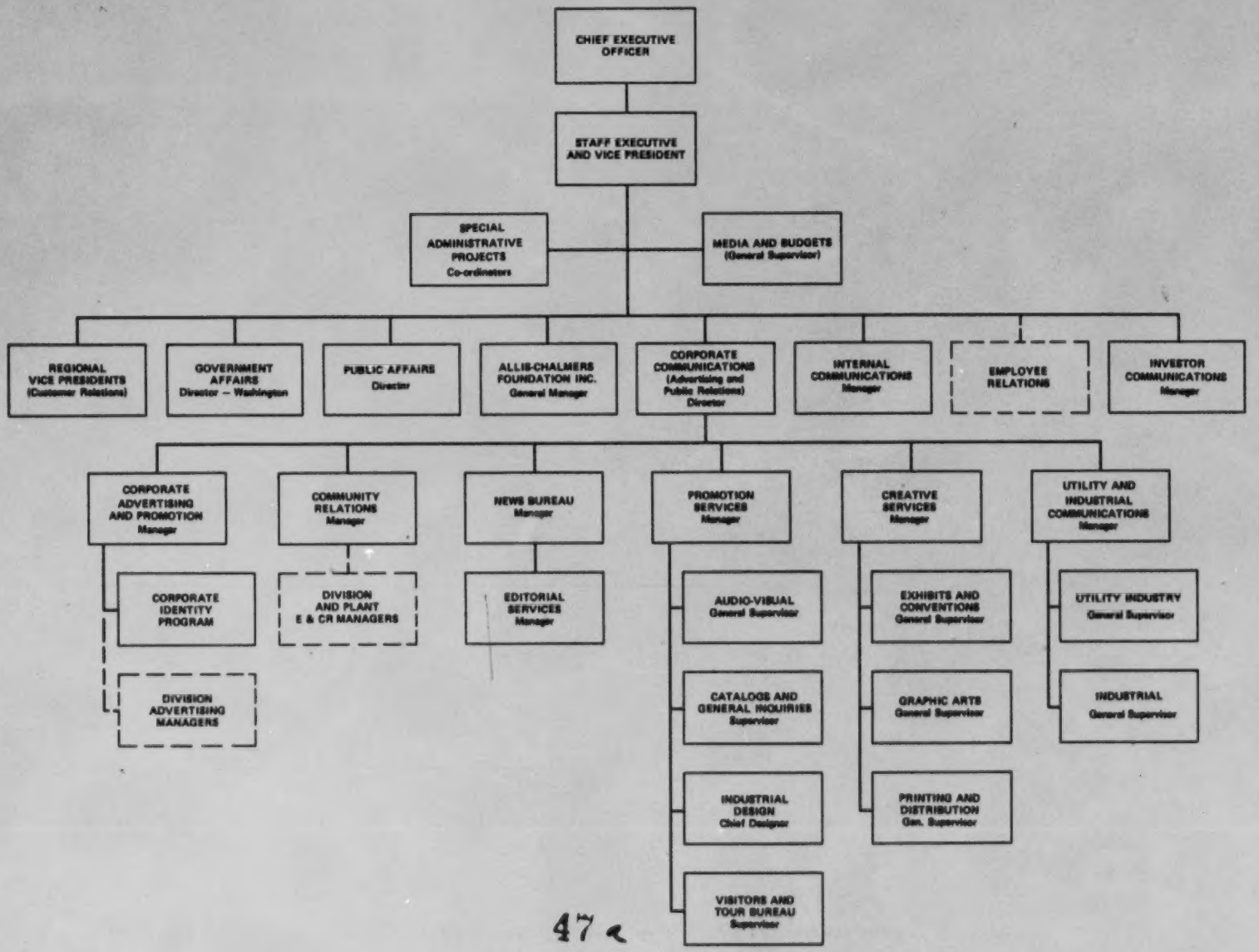

VICE PRESIDENT CORPORATE PUBLIC RELATIONS AND COMMUNICATIONS
COMMUNICATION SERVICES Serving Divisional and Regional Responsibilities
Administrative Services For Both Arms
CORPORATE COMMUNICATIONS Service Executive Office & Corporate Level Responsibilities
MANAGER COMMUNICATION PROGRAMS OPERATION
MANAGER BUDGETS AND ADMINISTRATION
MANAGER EMPLOYEE & COMMUNITY COMMUNICATIONS
MANAGER INVESTOR RELATIONS
MANAGER CORPORATE PUBLIC RELATIONS
MANAGER ISSUES ANALYSIS AND PRESENTATIONS
• Corporate Advertising
• Division Advertising
• Advertising Agency Coordination
• Marketing Communications Coordination
• Corporate Promotion and Communication Programs
• Communication Service for Divisions
• Budget Planning and Administration
• Production and Distribution
• Inquiry Response and Measurement
• Publications Inventory
• Photo Files
• Communication Programs for Communities and Employees
• Analyze Employee Program Needs
• Develop Unity of Effort
• Prepare, Educate and Involve Employees in Company Performance
• Measure Results
• Security Analysts Contacts and Meeting Schedule
• Recommendations for Annual Report and Presentations to Analysts
• Annual Meeting Coordination
• Annual Report
• Share-Owner Mailings
• Press and Media Relations
• Public Relations Agency Coordination
• CEO Presentations
• Staff Support for Public Issues Committee
• Public Issues Analysis and Planning
• PERSPECTIVE
• Economic Research
MANAGER DIVISION BUSINESS COMMUNICATION SERVICES
MANAGER DIVISION COMMUNICATION SERVICES
MANAGER(S) DIVISION COMMUNICATION SERVICES (AS NEEDED)
EDITOR EMPLOYEE PUBLICATIONS
EDITOR SYNDICATED INFORMATION
MANAGER PRESS RELATIONS & MEDIA SERVICES
EDITOR CORPORATE PUBLICATIONS
• Plan and Manage Marketing and Advertising Programs
• Develop Systems for Strategic Programs and Assist Implementation
• Advertising Programs Services
• Provide Measures for Communication
DIVISION MARKETING COMMUNICATIONS
DIVISION MARKETING COMMUNICATIONS
DIVISION MARKETING COMMUNICATIONS
MANAGER PUBLIC AFFAIRS (DIVISION)
MANAGER PUBLIC AFFAIRS (DIVISION)
MANAGER COMMUNICATIONS (DIVISION)
MANAGER PUBLIC RELATIONS (DIVISION)
CORPORATE AFFAIRS OFFICE

Exhibit 11: A Coordinated Organization — Allis-Chalmers


CHIEF EXECUTIVE OFFICER
STAFF EXECUTIVE AND VICE PRESIDENT
SPECIAL ADMINISTRATIVE PROJECTS Co-ordinators
MEDIA AND BUDGETS (General Supervisor)
REGIONAL VICE PRESIDENTS (Customer Relations)
GOVERNMENT AFFAIRS Director – Washington
PUBLIC AFFAIRS Director
ALLIS-CHALMERS FOUNDATION INC. General Manager
CORPORATE COMMUNICATIONS (Advertising and Public Relations) Director
INTERNAL COMMUNICATIONS Manager
EMPLOYEE RELATIONS
INVESTOR COMMUNICATIONS Manager
CORPORATE ADVERTISING AND PROMOTION Manager
COMMUNITY RELATIONS Manager
NEWS BUREAU Manager
PROMOTION SERVICES Manager
CREATIVE SERVICES Manager
UTILITY AND INDUSTRIAL COMMUNICATIONS Manager
CORPORATE IDENTITY PROGRAM
DIVISION ADVERTISING MANAGERS
DIVISION AND PLANT E & CR MANAGERS
EDITORIAL SERVICES Manager
AUDIO-VISUAL General Supervisor
CATALOGS AND GENERAL INQUIRIES Supervisor
INDUSTRIAL DESIGN Chief Designer
VISITORS AND TOUR BUREAU Supervisor
EXHIBITS AND CONVENTIONS General Supervisor
GRAPHIC ARTS General Supervisor
PRINTING AND DISTRIBUTION Gen. Supervisor
UTILITY INDUSTRY General Supervisor
INDUSTRIAL General Supervisor

47a

47

public relations, and investor communications are coordinated along with other communications units. In addition, the regional vice presidents are in charge of general customer relations and, as the chart indicates, the regional vice presidents report to the staff vice president for communications and public affairs. This organization represents a restructuring that took place in the last two years. The company reorganized its external relations group in order to "speak with one voice to the external community."

Exhibit 12, the organization chart for Phillips Petroleum, illustrates coordination of media relations, state and local government relations, investor relations, education, youth and community relations, as well as activities involving broader audiences such as consumers. Editorial and graphics personnel provide the support functions for effective maintenance of these relationships. The company's relationship with the Federal Government constituency is a shared responsibility of public affairs and the firm's Washington office, with day-to-day coordination and communication belonging to the latter. Phillips underwent a reorganization two years ago. At that time, the needs of external relations were anticipated and the public affairs corporate staff was created by the expansion and realignment of the former public affairs department.

As a member of the office of the president (the "management committee"), the executive vice president of GAF Corporation shares responsibility for the general management of the company. Reporting to this executive are all "communications services": public relations (including investor and stockholder relations), marketing services (advertising, for example), and corporate personnel. The executive vice president also maintains a close working relationship with a senior vice president of government relations in Washington, whose primary responsibilities involve marketing to the government. The communications aspects of government relations are generally the responsibility of public relations. The three vice presidents reporting to the executive vice president coordinate all of the communications of the company, whether the vehicle for that communication be an annual report, advertising, product publicity, or an employee newspaper. This arrangement not only provides consistency of communications, but also helps the company to reach a maximum number of audiences with its messages.

COORDINATION AT THE GENERAL EXECUTIVE LEVEL

In a variation of the above organizational arrangement, the specialized external relations units report to a general executive. A "general executive" is a member of the senior management of the company who has a variety of staff and/or operating units reporting to him; he is not primarily associated with any one specialized activity of the company. Titles typical of such general executives include, among others, executive vice president, senior vice president, vice chairman, vice president – staff, or vice president – administration.[3]

An example of such a corporate organization is depicted in Exhibit 13, the corporate administrative services function at Tenneco. As the chart illustrates, public relations, consumer affairs, community affairs, and government affairs all report to a senior vice president – who is also responsible for a number of other functions including, in this case, purchasing, office services, and aviation.

COORDINATION BY A DUAL-ROLE EXECUTIVE

Several companies have devised another slightly different approach in structuring their external activities. In these companies, all func-

[3]The title vice president – administration usually denotes a general executive. In some instances, however, that position is only responsible for external activities and might be considered a staff executive position rather than a general executive position. In one mining company, for example, the vice president – administration is accountable for government relations, public relations, investor and stockholder relations, and employee relations. Because this company has no customer constituency to speak of, it can then be established that this executive has responsibility for all external relations.

Exhibit 12: A Coordinated Approach – Phillips Petroleum

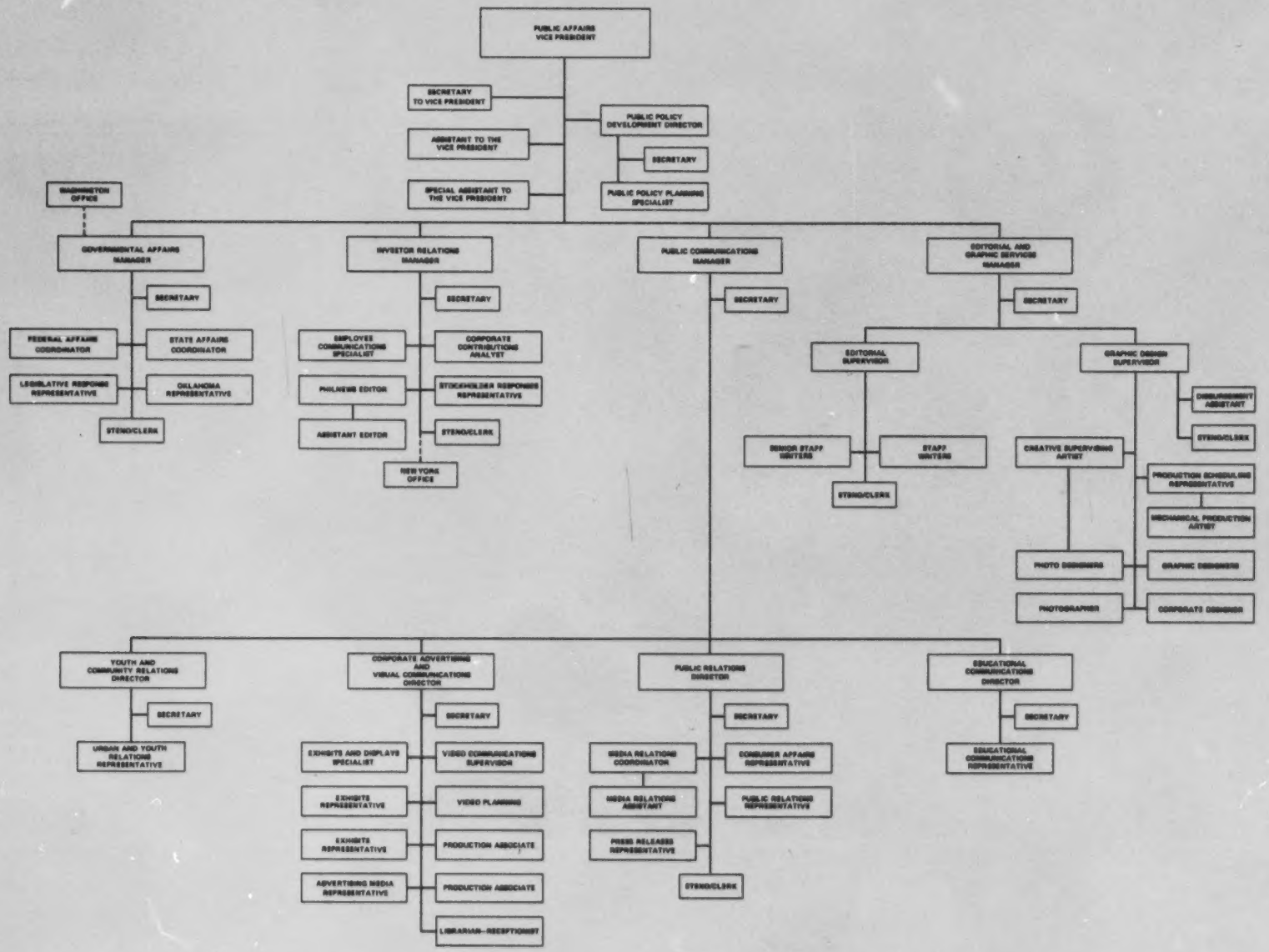
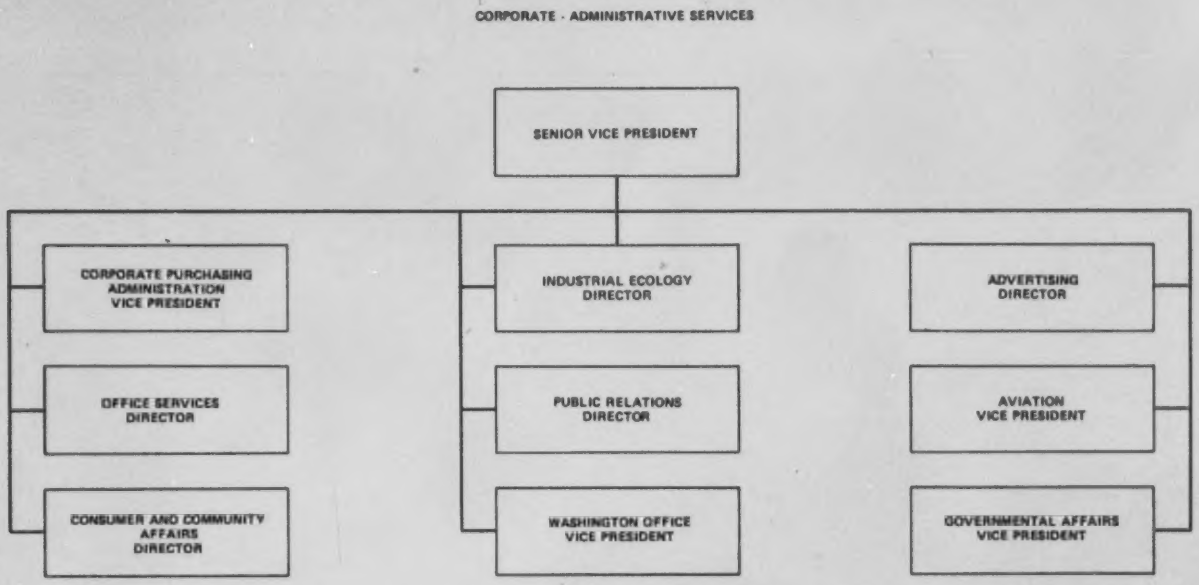


Exhibit 13: The General Executive as Coordinator – Tenneco, Inc.



tions report to one staff executive, but that staff executive also has responsibility for another, related field. Some companies combine external activities with the legal unit.

J. C. Penney has a senior vice president – general counsel and director of public affairs. Along with his legal responsibilities as general counsel, that executive is responsible for public relations, including media and stockholder relations; local, state, federal and international government relations; urban affairs; and consumer affairs. He also has a review, planning, and support role in community relations. Only institutional investor relations reports outside of his sphere. The broad outline of this organization is illustrated in Exhibit 14.

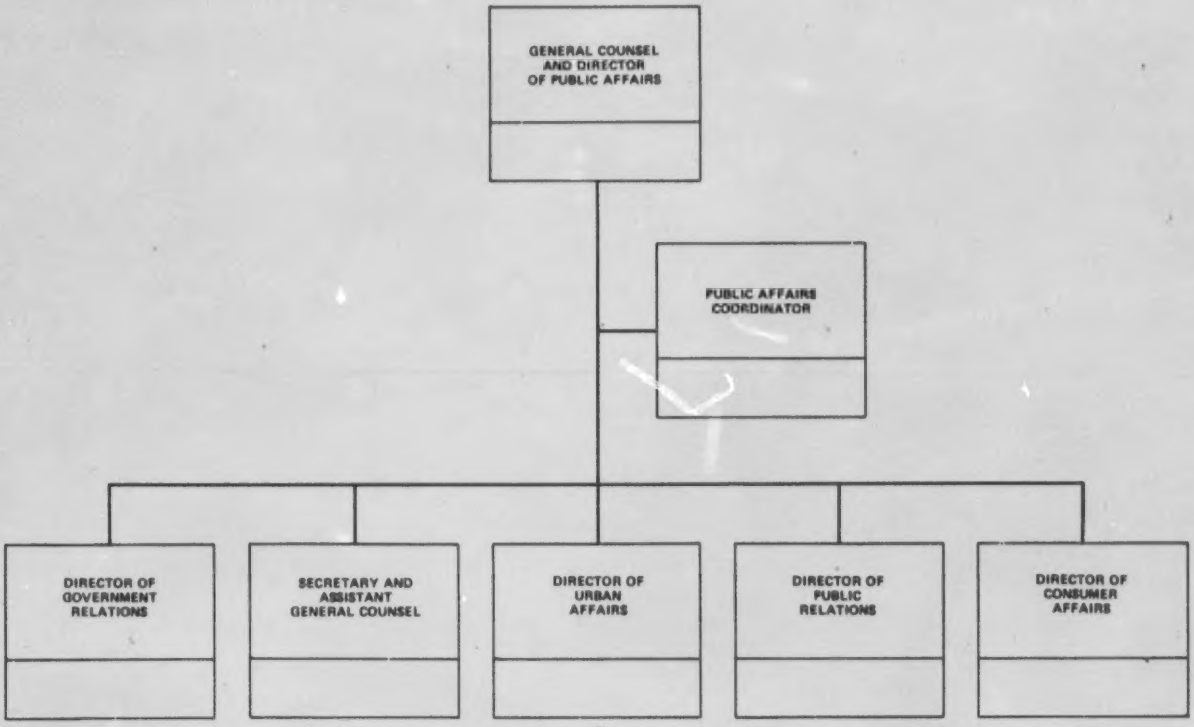
At Interlake, Inc., a vice president – marketing and public affairs is responsible for all external constituencies: media, government, investors, customers and community, in addition to his marketing responsibilities. (See the general outline of the organization structure in Exhibit 15.) This arrangement represents a reorganization which took place about a year ago. At that time all external affairs were combined under one corporate officer. The new and somewhat unusual arrangement of combining marketing and public relations and public affairs was selected so that one officer plans and coordinates how the company is "marketed" to the outside world. The executive in charge of this newly combined function has background in both marketing and external relations, as well as in general management. Prior to the merger of functions, he held the position of vice president – public relations and public affairs, and was the top external relations executive in the company.

Other Means of Coordination

Organization structure is not the only means by which a company can arrive at a unified approach to its relations with its publics. In fact, of a group of 147 external relations executives responding to this question, only six say that their companies have no vehicle for coordinating all of their external activities – other than that ultimately all report to the chief executive. In addition to organization structure, two popular means of coordinating all of the functions are:

- A committee of all external relations executives

Exhibit 14: Coordination under a Dual-function Executive – J. C. Penney


GENERAL COUNSEL AND DIRECTOR OF PUBLIC AFFAIRS
PUBLIC AFFAIRS COORDINATOR
DIRECTOR OF GOVERNMENT RELATIONS
SECRETARY AND ASSISTANT GENERAL COUNSEL
DIRECTOR OF URBAN AFFAIRS
DIRECTOR OF PUBLIC RELATIONS
DIRECTOR OF CONSUMER AFFAIRS

• A policy statement for all corporate external relations.

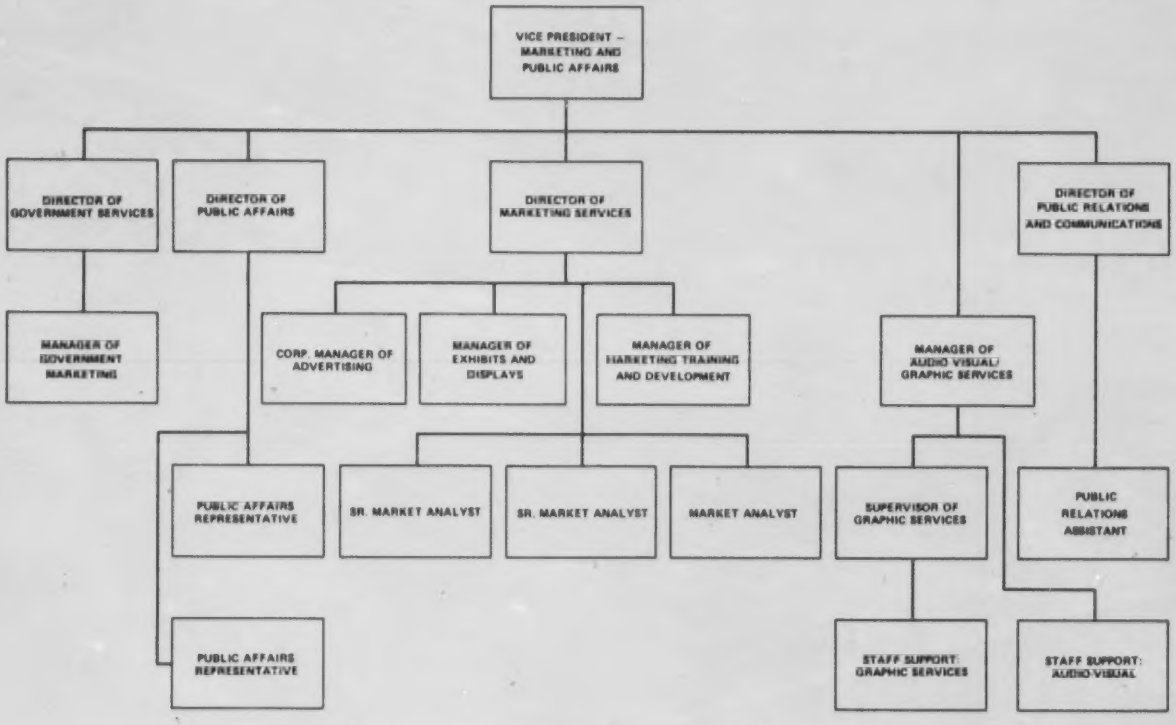
An External Relations Committee

One-third of the companies surveyed have external relations committees, created for the purpose of coordinating all relations with outside publics and providing for consistency in communication. Most report regularly, but a few are organized as task force or ad hoc groups to coordinate or determine policy for specific situations. Those that report regularly generally do so to the president or chief executive officer. The majority of these committees are formal bodies with names such as "public affairs council," "public relations council," or "communications committee."

Membership on these external relations committees rarely exceeds ten executives. The members usually are heads of the various external activities throughout the corporation, including those within divisions and subsidiaries. Many companies use the committee approach for coordination among divisions.

The mission and degree of influence of the committees vary from company to company. An oil company reports that its committee on public affairs recommends policies and programs for social responsibility. At another manufacturing company, the communications committee must approve all outgoing corporate communications. Membership on that committee includes public relations, investor relations, employee communications, opinion research, advertising, public communications, and government relations. The committee is chaired by the vice president – public affairs. Membership includes all of the communications executives of the company, and not only those who report directly to the vice president. The communications committee meets once a week. As one example of the extent of the committee's authority, everyone on the committee must approve the communication before the investor

Exhibit 15: Combining Marketing and External Relations – Interlake, Inc.


VICE PRESIDENT – MARKETING AND PUBLIC AFFAIRS
DIRECTOR OF GOVERNMENT SERVICES
DIRECTOR OF PUBLIC AFFAIRS
DIRECTOR OF MARKETING SERVICES
DIRECTOR OF PUBLIC RELATIONS AND COMMUNICATIONS
MANAGER OF GOVERNMENT MARKETING
CORP. MANAGER OF ADVERTISING
MANAGER OF EXHIBITS AND DISPLAYS
MANAGER OF MARKETING TRAINING AND DEVELOPMENT
MANAGER OF AUDIO VISUAL/ GRAPHIC SERVICES
PUBLIC AFFAIRS REPRESENTATIVE
SR. MARKET ANALYST
SR. MARKET ANALYST
MARKET ANALYST
SUPERVISOR OF GRAPHIC SERVICES
PUBLIC RELATIONS ASSISTANT
PUBLIC AFFAIRS REPRESENTATIVE
STAFF SUPPORT: GRAPHIC SERVICES
STAFF SUPPORT: AUDIO-VISUAL

relations unit issues a publication to the investment community. Before this committee was established, there was no vehicle for providing consistent information. Now management can be sure that the same information is going to employees and to Wall Street.

Another divisionalized consumer products company has set up a group, which meets every two weeks, strictly for informational purposes. The committee is composed of the public relations directors of the company's three divisions, the vice president for corporate communications, and the corporate director of advertising. The chairman is the corporate director of public relations.

An Overall Policy

In responding to The Conference Board's survey, time and time again corporate executives indicated that the critical factor in achieving effective external relations is the strict observance of corporate policy and the goals the corporation has set for itself in relation to its publics. Through coordination by the external relations staff, adherence to policy and cohesion of action can be achieved throughout the company.

Consistency of action almost assumes a guideline – an enunciated corporate policy. Such policy statements are usually very general, however. To interpret what the policy means in any given situation is the primary function of the person responsible for the company's external relations.

Twenty percent of the companies surveyed have one overall policy regarding all external relations. Exhibit 16 is the public affairs policy statement of General Telephone and Electronics Corporation. That policy encompasses all of the company's publics: its customers, its employees, the community, its investors, as well as the general public.

Most companies have several policies, however, each tailored to either a specific public or

Exhibit 16: Public Affairs Policy – General Telephone & Electronics Corporation

GTE

GENERAL TELEPHONE & ELECTRONICS CORPORATION

ONE STAMFORD FORUM, STAMFORD, CONNECTICUT 06904

SUBJECT: PUBLIC AFFAIRS POLICY & OBJECTIVES

TO: Officers and Key Personnel of
Parent Company and Subsidiaries

I. STATEMENT OF POLICY

The basic Public Affairs policy of General Telephone & Electronics Corporation is to assure the maximum possible mutual understanding between the GTE companies and their various publics, thus fostering the success and future growth of the organization and enabling the GTE companies to meet effectively the needs of customers, employees, shareholders, and the general public.

II. OBJECTIVES

With the general objective of maintaining effective two-way communication between the GTE companies and the public, our Public Affairs policy has the following specific objectives:

1. To meet effectively the public's need for our services and products (i.e., our customer public).
2. To sustain and strengthen the recognition of all GTE companies as good places to work (i.e., our employee public).
3. To enhance the mutual understanding between the GTE companies and the communities in which we operate (i.e., our community public).
4. To increase the awareness and acceptance of the GTE companies as good investments (i.e., the investing public).
5. To achieve greater understanding and support for the GTE companies, as well as industry as a whole, in dealing with the forces and attitudes which establish the over-all political, social, and economic climate in which we and the rest of industry operate (i.e., the general public).

People and Dollars: Another View of the Organization

Another way of looking at how companies organize their external relations is to find out how large a professional staff they have and the size of their external relations budget. A small group of the respondents was considered in terms of these two factors.

A review was made of staff size among a group of 18 companies with annual sales ranging from $221 million to $11 billion, and total employment of from 1,850 to 409,000. These companies reported external relations staffs of from two professional people to 275, as shown in the tabulation below.

These figures illustrate a general tendency toward larger external relations staffs in larger companies, although there is no strict pattern. However, there are some inconsistencies in these relationships. Some of these staff figures represent the total external relations function, while others include only units responsible for a limited number of corporate publics. Some companies include staff responsible for such activities as advertising and graphics; others do not. Dependence on, or use of, outside counselors is also not reflected in these figures. A major consumer products company counts 100 professional employees handling product publicity, including all product media relations, in its staff figure. Another comparable company does not include product staff in its total because those people report to product divisions.

Size of the External Relations Staff of Companies Ranked by:

Amount of Annual Sales	*Total Company Employment*
(From smallest to largest)	(From smallest to largest)
5 staff members	5 staff members
6	15
2	17
11	6
30	117
11	2
4	30
128	128
13	11
67	100
17	11
120	13
153	120
27	67
117	4
100	153
15	27
275	275

A smaller survey, this time of the external relations budget, yielded similar results. The budget survey was much more limited because many companies consider such figures confidential. Most companies, including those that decline to reveal actual figures, agree that budgets have increased over the past several years, but most respondents credit that increase to inflation rather than to any expansion or elevation of the function.

Eight large companies, primarily companies highly visible to the general public, provided data. These companies report external relations budgets ranging from $158,207 for the total function to $10 million for institutional advertising alone. These figures may or may not include advertising, graphics, consultants, overseas and subsidiary operations. Another substantial factor, included by some but not by others, is the contributions budget.

Even if the effects of inflation and the disparities of specific activities included or excluded could be filtered out, the results would prove little. There are large companies with very small external relations staff and budget that carry on very active programs. Other companies have large staffs concentrating on carrying out routine assignments. One of the companies surveyed, a consumer products company, functions with two external relations professionals, while another, a major chemical company, has a staff of 120 and also relies heavily on outside counselors.

a specific vehicle of communication. Frequently, companies have a policy statement governing the method by which information will be communicated outside of the company; how much information will be released and to whom, and what form that information should take. Many organizations also issue corporate statements on the goals of the corporation with regard to particular areas of public affairs – for example, political and civic affairs, corporate contributions, or disclosure.

External Relations within the Divisions

Of course, external relations activities are not the sole province of corporate headquarters. In divisionalized companies, much of the activity is carried out at the division level. In all such companies, the organizational questions are: (1) whether to allow the divisions their own external units, and (2) how much freedom should the divisional units have, i.e., what is the relationship between corporate and divisional units?

In some of the divisionalized companies studied, the divisions have no specialized units at all. The corporate unit provides the service on an "as needed" basis – possibly by lending specialists to the divisions. An insurance company has developed an agency-client approach for dealing with its regional offices. Public relations specialists, who report to the corporate affairs unit, are assigned to various company operations to offer counsel on public relations problems. One person, for example, works with the investment department; several others are assigned to major regional offices.

In a few companies, external relations units are housed at the divisional level, but *report* to the corporate head. More often, divisions have their own units principally to handle:

- customers
- community
- local government
- local or trade media

However, there obviously exists the functional relationship – the "dotted line" between the divisional units and corporate headquarters. This arrangement is illustrated in Exhibit 17, the organization chart for an industrial company's public relations staff. In organizations structured in this manner, the corporate unit offers advice and assistance in external relations to division external relations staff.

This is evidently important, especially when the company decides to give broader latitude to divisions. For example, a major oil company has been working toward more and more accountability at the local level. In the past, the corporate director of public relations reports, if the press wanted a statement on a fire at a local facility no story could go out if the CEO was out of contact. Now plant managers have been given the authority to speak for the company. With the help of outside counsel, the corporate staff has trained the plant managers to cope with this new role. To the management of the company, this change represents a switch from a passive program to an active one. Corporate staff is still available for advice and counsel, and to handle situations involving the company as a whole.

In the usual pattern, beyond giving advice and assistance, corporate staff monitors and checks divisional activity. Key to the relationship is some understanding of whether a situation is (a) of local concern, and can be left to the division or (b) of larger concern – affecting the corporation – and thus has to be handled at corporate level.

Exhibit 18 is the statement of procedure for Kaman Corporation, a company which centralizes all its external relations control. Relations with most constituencies are coordinated through headquarters, and those that are not are reviewed by corporate staff periodically.

International

To a certain extent, international operations pose problems similar to those in determining what work will be carried out by the divisions. But distance and special problems of particular locales – nationalism and local custom, for example – add immeasurably to the problem. In substance, foreign operations have greater authority for conducting their own external

Exhibit 17: Corporate and Divisional External Relations – An Industrial Company

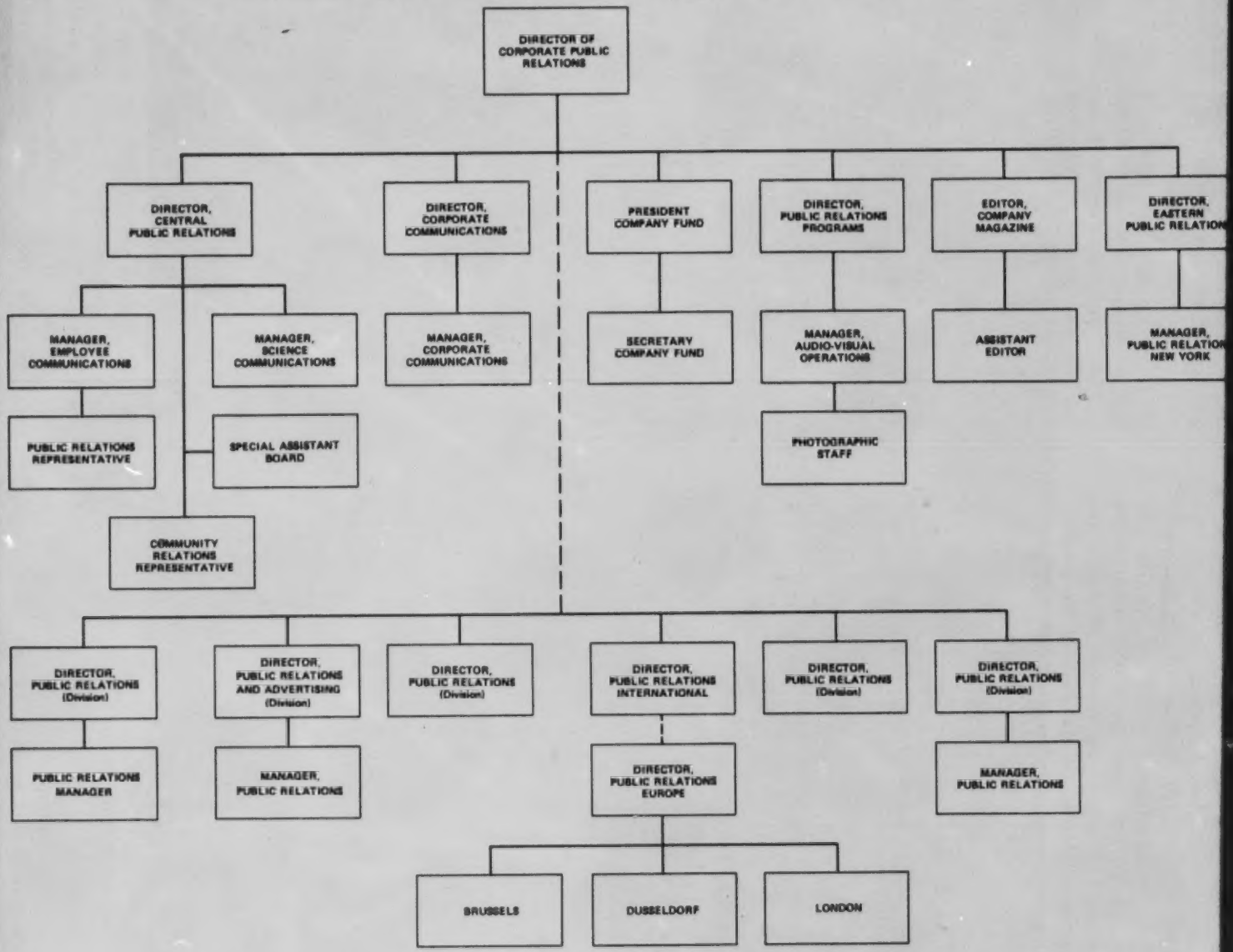


Exhibit 18: Centralizing Communications: The Procedure at Kaman Corporation

Public Relations

Introduction. The success of our company is dependent on the prosperity of the whole complex of communities and systems in which we do business. "Public Relations" is little more than being good citizens and getting credit for it. The first step is being good citizens. To be successful, this philosophy must be applied at all levels of the company and in every community in which Kaman, its subsidiaries or divisions have plants.

Corporate Public Relations is responsible for the coordination of the overall public relations program. Kaman's divisions and subsidiaries should:

1. Set up systems whereby all external communications (other than product advertising or promotion), drafts of brochures and news releases, proofs of advertisements, etc., are sent to Corporate Public Releations prior to public release, with time for evaluation as to their corporate importance and suggested revisions if necessary.
2. Send brief, timely reports on any contact they have with news media.
3. Seek assistance when necessary in their own promotional and publicity efforts.
4. Establish a complete interchange of information on all activities that may be of public interest.

Kaman Corporation, being publicly held, will maintain a flow of information about the company to its stockholders and the investment markets. All subsidiaries having inquiries from stockholders, investors or analysts should refer them to the Corporate Public Relations Department for reply.

Memberships and Dues. To the fullest possible extent, participation in trade and technical associations will be determined and expensed at the lowest level of consolidated interest. The Corporate Office generally will take care of memberships in national organizations which provide services to the entire corporation.

The Corporate Public Relations Department maintains a list of organizations to which the corporation, divisions and subsidiaries and its personnel belong in a business capacity. Any additions or deletions affecting this roster should be reported as they occur.

Government Relations. The Corporate Public Relations Department monitors legislative and other governmental developments with effect on our well-being, and there are times when it is necessary for the corporation to take a public stand on specific public issues. All subsidiaries should coordinate efforts of this nature through the Corporate Public Relations Department.

Selection of Product Names. In a company as broad as Kaman and offering as many products, it is important when we choose the new names for products or services that we do what is possible to strengthen the company as a whole and avoid conflict or confusion in the minds of our customers.

It shall therefore be required that when a subsidiary or profit center undertakes the marketing of a new product or service which is given a new promotional name or identity, the name must be approved by Corporate.

When submitting such a request, include enough back-up data and reasons for the selection to assist in getting a proper decision.

operations, but for a few companies there is still strong guidance from headquarters.[4]

A bank public affairs executive has members of his own staff in four major overseas offices. They advise local branches, which have their own external relations people – usually foreign nationals. The vice president – public affairs holds two area meetings each year for both his

[4] For further discussion of the management of international external relations, see the Conference Board reports on *U.S. Business Support for International Public Service Activities*, Part 1: "Support from U.S. Headquarters," and Part 2: "Support from Foreign Affiliates." Part 2 consists of five separate reports on Argentina, Brazil, Colombia, Mexico and The Philippines. James R. Basche, Jr., 1973-1975.

overseas staff and local branch-staff members. The purpose of those meetings is twofold: to "get the word out" on company policy, and for education and training in communications techniques.

Titles

The level of the top external executive cannot be ascertained through any analysis of titles. Designations range from senior vice president to manager. Most of the external relations executives polled – including all of the managers and directors – report directly to the CEO.

Among those executives who play a dominant role in the company's relations with its outside publics, public relations and public affairs are the most common titles. But corporate communications and corporate relations are titles that are beginning to appear with increased frequency, as shown in Table 3. Of course, not all titles of the major external relations executive include functional designations. As already mentioned, there are many companies in which a general executive has substantial external relations responsibilities.

Table 3: Title of the External Relations Executive[1]

Functional Title	*Number of Executives*
Public relations	47
Public affairs	45
Corporate communications	17
Corporate relations	13
Corporate affairs	8
Public relations and advertising	5
External affairs	3
Public affairs and corporate relations	1
Public affairs and corporate affairs	1
External relations	1
Total	141

[1] Based on companies that have a coordinated external relations staff and use functional designations.

Public Relations vs. Public Affairs

Today's titles represent a decided switch. Some years back, most external relations units were called "public relations." Today, a majority of companies surveyed use some other designation for the top position. In many cases, "public relations" designates only one of many units that make up a company's total external relations function. To an oil company public relations director, "public relations is the communications arm of public affairs."

A corporate vice president – external affairs equates his title to the "more normal" one of public relations and advertising but cities additional responsibilities, including shareholder communications, employee communications, community relations, and provision of general writing and public relations assistance to top management personnel. A vice president – public relations of another company is in charge of these same activities.

The swing toward new titles has occasioned some controversy. Public relations or public affairs? Is is just a question of semantics or is there substantive reason for the use of different titles? And what about the apparent trend away from both public relations and public affairs to "corporate communications"? Originally public affairs was introduced ostensibly when these external units were expanded to include government relations. But now there are units identified with the title "public affairs and government affairs," and "government and public relations." Yet an analysis of all of those principal external relations executives whose titles are either public relations or public affairs reveals that "public affairs" still more frequently includes government relations than does "public relations." And that is about the only substantive difference. A few more public relations people handle investor relations; and all public relations executives have media relations, but three public affairs executives do not. Table 4 provides a breakdown of functional exclusions for the two titles.

Such a close overlap may not be evident to the practitioners. Some examples of recent changes illustrate the situation:

Table 4: Public Relations vs. Public Affairs: Functions Excluded from Each

Principal External Relations Executives Handle All Major External Functions, with the Exception of:

Exception	*Public Relations*	*Public Affairs*
Stockholder and investor relations	17	21
Government (federal, state and local) relations	27	8
Customer and consumer relations	26	26
Community relations	5	4
Media relations	–	3

• A consumer products company changed the title of its department from public relations to public affairs because the department handles minority affairs and other special interest constituencies.

• Another vice president – public affairs says that the definitional difference depends on the degree of involvement in the community.

• An insurance company vice president had his title changed from public relations to public affairs because management felt that public relations was not broad enough to include all of the responsibilities of his department. To the top management of that company, public relations meant publicity. This executive realizes that the designation must come from senior management, and senior management has a limited definition of public relations.

Many practitioners admit that public relations as a title has been badly maligned. The problem is not confined to corporate public relations; the entire profession has been subjected to a severe loss of credibility. When public relations is mentioned, the image that is conjured up in the mind of the general public is not a favorable one – press agent, flack, and so forth. So, asks one external relations executive, why shouldn't I use a different title and eliminate that necessary handicap? The job and responsibilities need not change.

The most cogent reasons for dissatisfaction with the title "public relations" are:

1. Public relations is traditionally identified as media relations.
2. Public relations is identified with corporate image building.
3. Public relations has lost credibility in business and elsewhere.
4. The new scope of the function requires a more appropriate title.

In defense of the public relations title, the vice president – public relations of one of the largest U.S. companies relates the history behind his own title: His predecessor did not like the term public relations because he believed it had fallen into disrepute, thanks to the "charlatans" in the field. So the predecessor changed his title to "public information." When the current vice president took over the position, he changed it back to public relations. Sometimes, he says, people come to him and say that "corporate relations" would be more appropriate title for his position. His answer is to ask them what a corporate relations executive does and, as they outline the job, he asks: "Isn't that what a public relations executive does?"

And clearly, from the breakdown of designations for the principal external relations executive on page 46, it is evident that many executives who have the title of public relations are responsible for external relations in its broadest sense.

However, whatever their present titles, most external relations executives, when asked, say that they are satisfied with them. Most respondents feel that the title they have adequately describes the function their department has been assigned to perform.

A number of the executives surveyed report that the titles they presently have represent changes made in recent years. Of those executives who have had title changes, the largest number of respondents mention a change to the designation "communications" or "corporate communications." These most recent switches were from both public relations and public affairs. The rationale for this new title is evidently that communication, in all meanings of the word, is the sine qua non of relations with all publics.

Chapter 4
The Roles

THE CHIEF EXECUTIVE'S perceptions and philosophy are key to the company's external relations policies and organization. For whether or not the head of the corporation deems external relations to be of significance will be reflected in the organization of the company as well as in the programs carried out by staff.

The Chief Executive Officer

It is, therefore, generally agreed that the impetus for a corporation's externally oriented efforts must come from the chief executive officer; in those instances where the CEO is sensitive to the importance of this area, the mandate will be passed down through the entire organization. To cite an example: the external relations executive of an insurance company feels he has a chief executive who is very sensitive to the publics with which the company deals. The CEO has a strong sense of priorities with respect to key public affairs issues confronting the company, and manages to convey that sense of priorities effectively to the rest of the organization.

Whether because of a personal conviction – or as the result of unfortunate experience – many chief executives have become acutely aware of the importance of their companies' external relationships. A growing number of business leaders are taking an active role themselves, as well as advising their staffs to assign priority to external problems. In fact, 89 percent of the chief executives polled believe that the public's perception is critical to the success of the company.

Most external relations executives are in agreement that this belief cannot be foisted upon the CEO by staff – it must come from a personal commitment. They say that the initial sensitivity or awareness must be present, or it must be acquired through first-hand experience or education; staff can only exert the subtlest influence. One vice president of a diversified company likes to demonstrate the subtlety of that influence to audiences. He gently places his hand in a glass of water, and then removes it as gently a few seconds later. "You see," he says, "it doesn't look as if my hand has ever been in the glass."

Time Spent on External Relations

The fact that external relations is of critical importance to the corporation is borne out by Table 5, a breakdown of the amount of time chief executives say they are spending on external relations. The fact that 103 chief executives are devoting up to one-quarter of their time to external matters – and an additional

Table 5: Amount of Time the Chief Executive Spends on External Relations

Panel A: How Much of the Chief Executive's Time is Spent on External Relations?

Percent of Time	*Number of CEO's*
0 percent	0
1-25 percent	103
26-50 percent	72
51-75 percent	6
76-100 percent	0
Total	181*

*The total does not add up to the 185 chief executives polled. Two did not answer this question; one said the percent varies according to the occasion; one is too new in the job to estimate.

Panel B: Is the Chief Executive Spending More Time on External Relations Now Than Three to Five Years Ago?

	Number	*Percent*
More time	171	92%
Less time	2	1%
About the same	12	6%

72 as much as half of theirs – is significant (see Panel A). It becomes even more significant, however, when the figures are looked at in conjunction with Panel B of Table 5, which shows that 92 percent (171) of the chief executives surveyed are spending more time on external relations today than they were three to five years ago. Only one percent of the 185 corporate leaders are devoting less time to the subject, and six percent report that they are spending about the same amount of time as they used to on external relations. These figures tend to bear out the general impression that, for the most part, corporate heads are resigned to the fact that business must coexist with other elements of society and must, therefore, find and develop workable solutions to problems impinging on the company and the community. And these chief executives are acknowledging a personal commitment to the effort.

The Role

This increasing amount of chief-executive time devoted to external relations is obviously not spent writing press releases or carrying out the actual detailed administration of programs. Most often, the chief executives polled characterize their role in one of the following ways:

- The personification of the company
- Policymaker
- Everything – to a limited degree

The Personification of the Company

Although many other people throughout the organization represent the company on various occasions and with individual publics, by and large these chief executives see themselves as the *principal* external representative of the company. They say that they must speak before the largest and the most important groups. They comment that, as the personification of the company, their own actions and words must at all times reflect the policies and ethics of the company. It is their responsibility to convey the company's positions and policies to the public and "explain, on a policy level, the company's problems, challenges and activities to appropriate groups and individuals." In certain circumstances, the chief executive is the only one who can represent the company.

These corporate leaders see themselves handling the *key* contacts with all the various publics – *key* government officials, *large* customers, *major* stockholders, and so forth. As one CEO phrases it, they must attend "meetings where the presence of the CEO will add to the strength of the group effort."

In actuality, this spokesperson role serves a second purpose as well. Many chief executives recognize their important mission as spokespeople for the free enterprise system. Here they see their personal responsibility for defending the credibility of business, and they say that they can and should get out and personally defend business.

Policymaker

An appreciable number of business leaders view their role in external relations as that of policysetter. These chief executives either initiate corporate policy on key public and legislative issues, involving any and all of the company's publics, or provide the "broad, thematic guidance" to policy, and make the decisions on critical public issues.

The policy role overlaps the personification of company role at a point. And one chairman enumerates his function as "preparation, delivery and defense of policy statements, with the communications media, legislative committees, public seminars, and college campus appearances."

Everything – to a Limited Degree

When asked, many of the respondents tick off all of the various areas of external relations as their own. Then, when pressed on which aspects are handled by staff, they come up with the same list.

The reason for this duplication is that both parties are involved. The chief executive acts as the company incarnate – initiates policy, endorses external programs, sets the personal tone, makes the major public statements –

and the staff external relations executive implements the policy.

Key contacts are the CEO's; day-to-day activities are the bailiwick of staff. "I am directly involved in any basic activity that is related to the total management responsibility," a company president asserts, and staff handles "normal day-to-day information and activities that can be accomplished under established policy and philosophy."

The Company's Publics

The character of the role the chief executive assumes with the different corporate publics remains consistent, although the degree or the nature of the involvement may vary. Table 6 is a listing of the publics with which the chief executive most often has some direct dealings, in order of the frequency with which the CEO's cite their involvement.

Government Relations. This is the most frequently mentioned interface. Most chief executives say they meet with key federal officials and delegate other contacts to their external relations people. These executives cite their responsibility for presenting company statements at congressional committee hearings and before regulatory agencies. They are more often involved with Federal Government officials and agencies, although some do specify activities at the state and local level.

A chairman of the board of a major aircraft company portrays his government relations role as embodying the basic role of corporate spokesman: "Since many of the policies and decisions directly affecting my company are set by heads of state and senior government policymakers, both U.S. and foreign, I am required to represent our company personally on these matters."

Other executives cite their responsibility to provide input for molding government legislation in areas related to business – wages, equal rights, environmental protection, health and safety, and so forth.

Investor and Stockholder Relations. A good deal of the chief executive's time is spent meeting with important institutional investors.

Table 6: The Role of the Chief Executive with the External Publics

Public	*Number of Times Cited by 185 Chief Executives**
Government relations	124
Investor relations	74
Relations with special interest groups (consumers, customers, minorities, etc.)	52
Media relations	25
Business and professional associations membership	21
Community and civic affairs	20

*Figures are not totaled because many chief executives mentioned more than one role.

It is the chief executive who commonly is called upon to make presentations to major meetings of analyst societies and to meet with groups of key analysts. The chief executive, of course, plays the leading part in the annual stockholder meeting, and on occasion may become involved directly with inquiries from major stockholders.

Relations with Special Interest Groups. Chief executives specifically call attention to their role in setting company policy regarding minority groups, and in influencing and implementing legislation in the equal employment field. Many also mention relations with educational institutions, and other special interest groups. On a personal level, these executives cite their membership on boards of trustees of colleges and universities as typical of activities which they feel yield indirect benefit to the corporation.

A number of chief executives talk about their work with consumers and customers, at least with major customers. A bank president sees this involvement as one of "determination of policy and development of procedures to ensure compliance with legislative and regulatory requirements to support consumer interests."

Media Relations. Here the involvement is very clearly in the role of chief representative

of the company, and staff takes over the day-to-day implementation. Chief executives are most directly involved with the leading national media – and television in particular – especially when a major statement is called for.

Naturally, when the media plan to use a story about a company, a quote is sought from the chief executive or the highest possible executive available. Chief executives stress that they must be accessible. Traditionally, the external relations executive has played the role of nameless spokesperson, and the chief executive is quoted by name, as the official embodiment of the corporate position on issues of note.

Membership in Business and Professional Associations. Corporate chief executives devote a great deal of time to policy-level activities of industry associations and to other business groups and groups of their peers in other companies. The latter include membership in The Conference Board, the Chamber of Commerce, the Business Roundtable, and the like. Business leaders view these avenues for interaction with their peers as important to the business community as a whole, and ultimately to their own organizations.

Community and Civic Affairs. There is a personal nature to the chief executive's commitment in this area. The CEO is called upon frequently to support charitable or health drives, or to lend his prestige to urban or community affairs at headquarter or plant locations. Many business heads cite contact with high-level community officials, but more often the chief executive becomes personally involved, as witness the chairman of a beverage company, who admits to being "heavily committed to important youth, community relations, and charitable projects."

The Staff

Because this is an ongoing activity involving a close interaction between CEO and staff, and because the personality and outlook of the CEO have such a direct bearing on the activity, it is frequently difficult to draw a clear line indicating where the responsibility of one ends and the other begins. Both obviously have necessary roles to fulfill in carrying out the company's external relations. And the roles, of necessity, complement each other.

The vice president – public affairs of a pharmaceutical company sees his role vis-à-vis his CEO's role this way:

"My perception is that of a top corporate officer who is responsible for seeing that the public interest (and the interests of the various specialized publics) are taken into account in corporate decision making. In this framework, one's performance is measured by the frequency with which he seizes or makes an opportunity to provide an input into corporate decision making. . .and the frequency with which, having been heard, his view is reflected in the company's final decision. Carried one step further, and believing that corporate performance governs its external relations, it is quite possible that the most productive external relations executive in a company could be someone who does not himself communicate externally at all in any direct sense – or does not even supervise communicators – but simply devotes his time and energy and talent to the public's interest in the company's internal decision-making processes. Carried to its ultimate, it seems proper to act on the premise that the external relations of the corporation *primarily* are the responsibility of the top executive officer and line officer. . .that they are in many respects not amenable to delegation to an external relations staff person. . .and that the principal external relations officer of a company is therefore its chief executive (who, of course, receives staff assistance and support from people whose *sole* designated responsibility is external relations)."

The chief executive's perception of the external relations role of staff is summarized in Table 7. As the table indicates, for the largest number of chief executives (77) there is a clear division in the matter of policymaking. This group feels that staff becomes involved in all of the nonpolicy aspects – implementing

Table 7: The CEO's Perception of the Role of the Staff

Staff Role	*Number of Times Mentioned by 185 Chief Executives**
Implementation	77
Everything – to some extent	44
Government relations	39
Dissemination	32
Relations with special interest groups	24
Investor relations	20
Community and civic affairs	9
Industry associations	8
Charitable activities	6
Everything but government relations	3

*Many chief executives cited more than one staff role.

rather than setting policy. Forty-four other CEO's say that the staff is involved in every aspect of external relations, although not to the exclusion of the CEO.

The question of how government relations is handled is a bit hazy. Opinions vary widely among the group of 39 chief executives who say staff is responsible for this activity. Comments include, "Staff handles state and local only"; "Staff handles federal"; "My external relations executive handles government staff and I come in to meet the 'big guys.' "

A number of chief executives say that staff is responsible for investor relations; yet, as already indicated, the specific role of spokesman must be carried out by the chief executive.

The external relations executive is often viewed as the disseminator of information. This executive is also viewed as the person in charge of specific publics and programs, as enumerated in Table 7.

Personal Characteristics of the External Relations Executive

Because the character of the external relations function is expanding, the type of executive heading up the operation is also changing. While the traditional assumption of a public relations or journalism background is still the case in the largest number of companies, it is no longer the only acceptable background.

Table 8 enumerates the backgrounds of those executives to whom all, or the major segments of, external relations report. Public relations and journalism account for most. However, since external relations in many organizations includes government relations, lawyers and people with government experience sometimes appear in the key spot. Similarly, as external relations frequently includes customer relations or consumer affairs, marketing people are involved. In fact, the very diverse backgrounds of this group of staff executives serve to reinforce the recognition of external relations as a real and critical part of corporate management, touching on all of the other facets of the corporate operation.

Perhaps because the external relations job calls for both a broad array of skills and a firm working knowledge of the company and all of its operations as well, external relations execu-

Table 8: The Background of the External Relations Executive

Background	*Number of Executives*
Public relations and journalism	76[a]
Operations or general business	21
Law	18
Marketing	17
Government work or corporate government relations	8
Advertising	7
Economics and finance	7
International operations	6
Science and engineering	4
Other	6
Total	170*

[a]Eighteen of these gained their experience with public relations counseling firms.

*The other six executives did not provide background information.

tives tend to have been with their companies for many years. Respondents report service of up to 45 years with one employer (see Table 9, Panel A).

At the same time, 63 percent of the respondents (85 executives) have held the senior external relations position for five years or less, and more than half of the 85 have been in the job for two years or less (see Table 9, Panel B). Keeping in mind the sizable number of companies that have reorganized their external relations units into more cohesive groups in the past few years, it appears that the head of the newly combined group is most often someone promoted from within the company. He or she – and there is a small but growing number of women in this key management position in major corporations – comes to the job with varying educational qualifications, ranging from one respondent with a high school degree to more than 20 with doctorates.

Table 9: The External Relations Executive: Years of Service

Panel A:

Years with Company	*Number of Executives*
1	7
2	10
3	5
4	3
5	8
6-10	20
11-20	37
21-30	32
31-45	17
Total Respondents	139

Panel B:

Years in Top External Relations Job	*Number of Executives*
1	22
2	24
3	11
4	10
5	18
6-10	33
11-20	14
21-30	3
Total Respondents	135

The majority of the external relations executives supplement their background and education with graduate study – management and professional courses. They also frequently attend conferences sponsored by business groups or educational institutions.

Additionally, these external relations executives are active in professional and trade associations. Most belong to professional groups: bar associations, public relations societies, advertising groups, and others. Some maintain personal membership in industry associations, although most play an active role in such associations through corporate membership.

Three Roles

When the work of the external relations staff is put into perspective, it becomes clear that the external relations executive, like other major staff executives, typically has three major roles:[1]

1. *Advice or Counsel.* In this role, the external relations executive acts as an "internal consultant" to other operating and functional units, as well as for the chief executive. The external relations executive advises other company executives on the best way to handle questions, issues and problems which relate to the company's external publics.

2. *Service.* In this capacity, the external relations executive conceives, conducts and carries out programs relating to the various corporate publics, and provides this service for operating units and for the corporation as a whole.

[1] For a more extensive description of the staff executive position, see Harold Stieglitz and Allen R. Janger, *Top Management Organization in Divisionalized Companies,* National Industrial Conference Board, 1965, Report No. 195.

3. *Control.* The third role of the external relations executive is involvement in formulation of policy and guidelines that determine the corporation's relations with its various publics, as well as monitoring the implementation of such policy and guidelines.

Advice or Counsel

The vice president – external affairs of an industrial manufacturing company encourages all corporate executives to "confer with each other," a policy followed in a number of companies. Another respondent says sometimes he maintains total control and sometimes he just *advises;* but he always knows what is going on.

There is a yellow phone on the desk of the corporate relations officer at another organization – a "hot line" to provide *advice* to anyone, anywhere in the organization, regarding corporate objectives and policy, and objectives with relation to external publics.

Corporate relations reviews the five-year plans of all corporate units, another executive reports. Each plan must conform to guidelines issued by corporate relations. These guidelines are typically "thou shalt nots," such as what questions only headquarters can answer.

Service

In other instances, the external relations group sets up actual programs for operating units. This *service* role is evident in an oil company that developed and runs its training program for line management throughout the worldwide operating units of the company.

A number of external relations executives envision their *service* role as an agency-client relationship with operating units. They and their staff are available to provide assistance to any other unit in the implementation of programs involving external publics. The *service* might encompass a range of activities, such as speech writing, contributions decisions, or product publicity.

Control

A vice president – sales and public relations of a company which organizes all of its external functions under a vice chairman states: "*Nobody* issues news, talks to the media, contacts the financial community, and so on, except our professional staff. *Nobody.*"

This statement represents the extreme in monitoring and *control.* Most companies take a more modified view when it comes to managing all of the external relations of a very diverse or geographically far-flung organization.

More than three-quarters of the external relations executives surveyed recognize that they have a general control role to perform – to ensure that all relations with external publics conform to corporate policy and objectives. They say that it is their duty to review and monitor activities for consistency. Because so many people are involved throughout the corporate organization, *control* – no matter how formal or informal – is essential to effective corporate communications.

One consistent story can reach more than one public and can serve additional purposes. For example, one company reports that close relationships between investor relations and advertising resulted in the projection of a new corporate image to professional investors. Coordination can ensure that stockholders and employees are getting the same story, and that the media and other publics are hearing the authorized facts. It is one company's policy to review all material going out to national media from headquarters, but to permit local release of stories to trade media.

Most of the respondents tell of reviewing and monitoring activities and programs, and acting as a clearing house for all outgoing communications. Some pursue day-to-day monitoring; others just try to keep informed.

(Appendix A presents a selection of job descriptions for external relations executives in a wide sampling of companies. These descriptions exhibit in detail the triple role of the external relations executive and which roles predominate in each instance.)

The Three Staff Roles and the Publics

Respondents to the survey were asked to analyze their three-faceted mission in relation

Table 10: The Three-part Role of the External Relations Executive in Relation to the Most Frequently Cited Publics

(As reported by 178 external relations executives)

External Public	*Counsel or Advice*	*Service*	*Control*
Media	127	135	114
Federal Government	124	106	89
Government – state and local	119	99	83
Individual stockholders	105	115	74
Financial community	109	115	73
Customers	110	97	60
Community	127	116	89
Special interest groups:			
Ecologists	20	18	12
Consumers	16	14	9
Women and minorities	17	10	10
Educational institutions	13	14	10
Industry associations	8	9	6
Total mentions	895	848	629

to each of the most usual publics. Table 10 is a frequency distribution of the results. As is usually the case with staff executives, external relations people most often find themselves in the counseling or advisory role. Although the table shows that this is not always true in the case of individual publics, the totals do show a prevalence of the counsel role. The control role grows out of the counseling and service functions, and occurs relatively less frequently.

It is easy to understand why certain roles are more prevalent for particular publics. Because stockholder and institutional investor relations are by definition a corporate rather than a divisional function, for example, the external relations staff typically conceives and carries out the programs in the financial area. Programs initiated by government actions, on the other hand, are usually carried out by other units, with varying degrees of advice and counsel from external relations. The external relations executive would be involved at the early stages when legislation is being formulated, analyzing the proposed legislation and attempting to educate the legislators to the company's viewpoint and the company to the potential implications of the legislation. In this phase, other "specialists" in the company – the legal department, personnel, or R and D, for example – might conceivably play a part. After legislation is enacted, the external relations executive may advise top management on the necessity for formulation of corporate policy and advise the affected corporate units on the new requirements, policies and procedures that need to be established. But it is the affected group that conceives and carries out actual programs, and the external relations involvement gradually phases out. In other words, there is an evolving cycle from the external relations people over to the functional specialists, although at no time is either necessarily excluded completely.

The vice president – public affairs at General Telephone and Electronics Corporation clearly performs in all three staff roles, according to this excerpt from GTE's job description:

"This responsibility involves:

"1. Identifying and evaluating current situations and future trends having major public

affairs implications for the overall organization.

"2. Advising and counseling management on methods for acting upon these situations and trends.

"3. Developing formal statements of policy on various public affairs matters, and assuring adequate communication of the approved policies throughout the organization.

"4. Developing specific programs and procedures to implement these policies.

"5. Auditing and reviewing the effectiveness of these activities to assure their maximum possible and practicable effectiveness."

The Relative Importance of the Roles

Asked which of the three roles is most critical in carrying out what management wants them to do, the external relations executives are hard pressed to see one clear front-runner. They respond:

- *Counsel* is my most important role: 23 percent
- *Service* is my most important role: 18 percent
- *Control* is my most important role: 16 percent
- I have more than one important role: 43 percent

As an external relations vice president explains, he remains on the payroll for his service role; and his variable compensation is based on his counseling and control functions.

Another vice president – public relations outlines his three roles quite clearly: By far the most important, the one for which he is "paid all his money," is to participate in top-level policymaking, being responsible for assessing the impact on, and reaction of the public to, company programs and proposals. Second, he heads any operation that embraces the production and planning of advertising, films, news releases, and media relations. Third, he and his staff serve as staff advisers and counselors to the corporation's subsidiaries. Some of the staff spend full time in this advisory-consultative role. Among other things, these people develop prototype programs for individual divisions that can be used throughout the organization. Whenever they ask for assistance, the vice president himself engages in personal counseling with subsidiary presidents and public relations heads at the subsidiary level.

The box on page 60 illustrates the many aspects of the external relations job as seen by the vice president and secretary of an insurance company, who is in charge of all of the external relations activities of the company.

The Outside Counsel

Regardless of the size or the competence of its in-house external relations unit, most companies make frequent use of outside consultants. To create and establish a department where none presently exists; to design a new program relating to a particular corporate public; to provide expertise on a specific issue or problem – these are just a sampling of the reasons corporations hire outside external relations counsel. Companies utilize such firms for dealings with all of their publics, and involve counsel in a multitude of programs and projects. The counseling firm can set its own sights regarding the scope of the role it is prepared to perform, and may involve itself in the narrowest or the broadest aspects of external relations for its clients.

Users of Outside Counsel

Many companies choose to hire public relations (external relations) counsel on a project basis. Of those companies that *retain* outside counsel, the majority utilize the services of more than one such firm at a time. Some retain one principal firm, but use others from time to time for special assignments; the rest retain more than one on an ongoing basis. Table 11 is a summary of the frequency with which outside firms are retained and the number of firms involved.

Most often, counsel is brought in by the external relations executive of the company – and only the external relations executive (Table 12). But, on occasion, the chief execu-

Table 11: Number of Companies that Retain Outside External Relations Counsel

(According to 178 external relations executives)

Retain Outside Counsel	*Number of Companies*
Retain one firm	39
Retain more than one firm	27
Use several, but retain one principal firm	23
Do not retain any firm, but hire for individual assignments	69
Total	158[a]

[a]20 survey respondents did not answer this question.

tive or someone else in the organization may hire an outside firm. Such occasions usually involve special assignments, for example a new product campaign or a communications training program. In only a few companies is outside counsel always hired by the chief executive or someone other than the external relations executive.

Naturally, the counselor would prefer to be brought in by the chief executive. At that level, the counseling firm would be involved in the broadest management matters. But, when asked, the external relations executives indicate no appreciable difference in the role the outside firm plays that is patterned on who brought it in. Even those seven external relations executives who say that only the CEO hires the counselor see the role of the outside firm as split about evenly between counsel and service. The only noteworthy difference, according to respondents, is that among those hired only by the chief executive, none is involved with government relations – at the federal or the state and local level – in either a counseling or service role.

Table 12: Who Hires the Counseling Firm?

(In the opinion of 147 external relations executives)

	Always	*Sometimes*
The external relations executive	64	41
The chief executive	7	33
Someone else in the company	5	25

The outside firm is not to be discounted as merely a source of assistance for the small company. On the contrary, among the respondents to this survey, companies ranging from largest to smallest report the use of outside counselors on a regular basis.

One of the largest U.S. corporations hired outside counsel "to give us more arms and legs" when suddenly the corporation found itself forced to respond to a number of its more vocal publics. Counsel was called upon for assistance in a three-way attack on the problem of the company's credibility:

(1) The firm assists with the logistics of what is called a "grass-roots campaign," miniature shareholder meetings held across the country to which local opinion leaders and press representatives are invited. These meetings provide an opportunity to explain the company's local activities.

(2) A key lecture series is being conducted at three leading universities, and the lectures are subsequently published and distributed by the company to libraries around the country. The role of the public relations firm is to arrange the details so that the company can maintain what it considers to be a proper arm's-length stance from the universities.

(3) The counseling firm helps with a variety of research or monitoring projects in various external relations areas.

The Role with the Corporate Publics

"Counsel" is an appropriate name for the public relations or public affairs firm. As Table 13 shows, these firms are called into a corporation for counsel or advice more frequently than for implementation of a program or project, according to the external relations executives. With regard to customers, the frequency

of the two roles is equal. Only in relation to one external public – the media – is the assistance of the outside firm sought for service more often than for counsel.

Of the various constituencies interacting with the company, it is again the media that the outside counsel is most often called in to assist with. However, outside firms are also relied on heavily for institutional investor relations and stockholder relations. Additionally, a sizable number of companies are now turning to outside counsel for advice regarding Federal Government relations. One executive says his company retains counsel "as a listening post in Washington."

Outside counselors frequently conduct research for the company, to measure the company's image with the general public or the effectiveness of a particular program. Surveys of institutional investors, for example, are conducted regularly.

Many companies rely on outside assistance for overseas external relations, and again particularly for institutional investors as well as for product assignments. A multinational consumer products company has an external relations staff member based in Europe who coordinates the work of seven counseling firms. All seven firms report to this staff person who, in turn, reports to the corporate external relations executive.

Roles in Decision Making

The relative importance of external relations to any company may well be indicated by the weight given external matters in major corporate decisions. When decisions are being made at the highest levels of the corporation, are the external implications considered? And how much weight is allocated to the potential response from the corporate publics? Such questions are difficult to answer because the answers depend on who is being asked. There are egos involved. But they are critical, so answers – or at least clues to the answers – must be sought.

A key clue is the extent to which the external relations executives are involved in top-management decision making. And, here what counts are specific examples of instances of involvement – e.g., membership of external relations executives on boards of directors and on top level management committees – according to the practitioners. At the same time, among those chief executives who identify one executive as the focal point for all external relations, by far the majority say that they include that executive in top-level decision making; in fact, 110 of 126 chief executives attach such significance to the top external relations position.

Table 13: Outside Counsel: Relative Emphasis on Publics and Roles

Corporate Public	*Counsel or Advice*	*Service*
Media	61	75
Federal Government	40	20
Government – state and local	27	16
Stockholders	42	28
Institutional investors	46	41
Community	30	23
Customers	28	28
Total	274	231

There is general agreement that every corporate decision has some implications or potential implications involving one or more of the company's constituencies – an overseas investment in a politically unstable country, or the closing of a plant in a small town in New England, for example. So the following question is put forth by a respondent to the Board's survey: "Naturally, when he is considering a problem, the chief executive is aware, in a general sense, of the external implications. But he also has a general idea that project X is going to be profitable. Does that mean that he can dispense with a chief financial officer?"

External relations executives themselves have a range of opinions regarding their own importance in corporate decision making. Their answers vary from "not very important," and "not important enough," to "I'm always in-

The External Relations Job as Described by One Executive

"In my view, it is the corporate relations officer's job:

– to know the nature of the external publics thoroughly
– to have empathy with them
– to understand their concerns
– to know the opinion makers personally, if possible
– to tell the company's story to each public on a constructive basis – which makes sense from both viewpoints
– to make sure that all other company executives communicate the same consistent and constructive information and viewpoints
– to anticipate the needs of these publics
– to head off trouble
– to respond to necessary challenges constructively, with integrity, and forcefully
– to know when silence is golden
– to recommend policies relating to any phase of corporate operations affecting external relations
– to act as guardian and keeper of the corporate conscience."

volved." In the middle ground are those who feel they are "sometimes but not always" included, and those who recognize that theirs is not the only – and perhaps not the most important – input in the decision-making process.

What can the external relations executive do to gain a voice in the matter? A vice president – administration, who is in charge of all external activities of his company, suggests:

"You prepare yourself with research and analysis and you argue your case. You put your credibility on the line and you have a confrontation with finance – the dollars and cents guys. They will argue cost, while you argue the 'right' thing to do – the qualitative side of the story – support of the community. Your side is soft, problematical, hard to prove except by experience; an untenable position. What develops is an all-out war between the two sides, unless the CEO or the board of directors is looking for balanced considerations."

This last is a point repeated in various ways almost unanimously by external relations executives: "The chief executive of your company must have a predisposition toward external considerations, or you don't stand a chance." Some say you can persuade the CEO through very subtle influence, but others say that if his interest is not there at the start it never will be, and external relations will be relegated to a powerless status.

But the external executive cannot completely pass the buck. A long-time practitioner relates that for years his colleagues in the profession have complained that top management never pays any attention to them. This vice president – public relations dismisses this protest with the comment: "As soon as you become useful to your management, your problem will be over. After all, there is no way of legislating that management must pay attention to *any* staff function."

The external executive at a company that maintains a relatively low visibility suggests

"A public relations man sets his own horizons – they can be broad or narrow. Most of my colleagues limited theirs to publicity; I opted for the other course. In explaining the scope of the work I contended that it included everything involving people en masse. As a consequence, our shop was drawn into a fascinating mix of publics – customers, farmer-suppliers, competitors, legislators, educators. And understanding the various publics and their leadership, knowing their beliefs, attitudes, aspirations and influence is, of course, at the heart of public relations practice."

– Milton Fairman,
Vice President (Retired)
Borden, Inc.

Excerpt from an address delivered at the Fifteenth Annual Institute of the Public Relations Society of America, June 13, 1973

that perhaps his job is more difficult than that of his counterpart at a consumer products company. In a company of low visibility there is less recognition of the significance of external relations by top management, less commitment in time, money and effort. Yet, this executive insists, external relations is just as important to the low-visibility company as it is to the high-visibility organization.

Appraising the situation realistically, several executives believe that management decisions should be made with an awareness of the external factors, but in the end they should be rejected or accepted on a business basis. External implications should have some "clout" but should not dictate. These respondents point out that external relations executives had better fully understand the implications of their advice and have a complete understanding of the business of the corporation and of the chief executive's problems.

Some executives express rueful satisfaction that their companies have learned from unpleasant experience the importance of considering the responses of their constituencies when arriving at a decision. It is the old adage, "Once burned . . ." For example, if a decision to locate a plant in a certain city is made strictly on financial and other considerations, ignoring the external aspects such as the displeasure of the local community and the suspicions of environmentalist groups, the decision could prove to be disastrous. After the plant opens, the local manager might be faced with recruiting problems and difficulties in dealing with local officials. Additionally, the environmentalists may decide to take action against the corporation. And so it goes. Next time, the external relations executives say, management asks us first. But it is tough to have to learn the lesson the hard way.

Management Committees

In just under half of the companies responding, the external relations executives serve on top-level corporate committees. To most of them, this amounts to a clear indication that they are included in senior management thinking. On occasion, one or more of the executives reporting to the top external relations position also serve on these committees. Typical committees of which they are members include:

- Contributions
- Social responsibility
- Policy
- Finance
- Management
- Product review
- Corporate foundation

The names of the committees vary from one organization to the next. External relations executives most often serve on the contributions committee, which is also referred to as "contributions and memberships" and "donations." Several executives make it clear that they are members of the CEO's staff, a position which they equate to membership on a top-level committee.

Those Who Know They Have "Clout"

The fact that they report directly to top management leads some external relations executives to believe unswervingly that their opinions are important in policy setting. These executives see themselves as part of the management team. One even points out that his office would not be in the executive wing if his input did not count for something. Another respondent, who also reports to the top of the organization, comments:

"The real strength of this operation is the direct tie to the CEO and the continuing opportunity to be involved in policy decisions that will affect external relations. To a great extent, this makes it possible to anticipate problems, plan for them, and execute operating policies in a manner that, if it doesn't please an important external constituency, at least avoids needless antagonism."

The vice president – public relations of a steel company is certain that he is privy to all

top information in the company. After all, he says, he drafts all policy, and he knows the ins and outs of his company's operations so well that he always knows what is going on. He says that he is involved in all decisions.

However, even those executives secure in such feelings concede possible slippages. As one pointed out: "Tomorrow I might discover that our company was involved with illegal campaign contributions or some other situation about which I was not consulted." It isn't likely, he adds, but it could happen.

The Board of Directors

Another key of the importance assigned to external relations is the degree of awareness and involvement of the board of directors.

The vice president – public relations of an extractive resources company comments on the changing role of the board of directors with regard to the corporation's dealings with its external publics. By definition, the board of directors represents the stockholders and therefore, he says, it must be concerned with the corporation's citizenship – and in terms of behavior, not just results.

The evolving role of the board is the result of a number of factors, ranging from genuine concern on the part of both management and the board to the threat of litigation. Changing membership on boards to reflect the various publics of the corporation have begun to have an impact on the character of the boards, too.

The board of directors has always had an audit responsibility, but that responsibility has been interpreted strictly in terms of the finances of the company. Now a growing number of companies have established a public affairs or public issues committee of the board. In fact, while no such committees were reported in a 1967 Conference Board study, a 1973 report stated that 9 out of 855 companies have established social responsibility committees. At that time the author saw this trend as "apparently in response to pressures exerted on the business community to show greater concern for the consumer, the community, and the environment."[2] A 1975 report says, "Some of the companies (still only a handful) that have set up such a committee say that the concept is one that developed naturally out of their role as producers of consumer products. But it also seems fair to assume that the appearance of at least some of these committees is closely connected with the widely voiced charges in recent years that corporations have neglected their responsibilities as citizen."[3]

They see the traditional audit role expanding from the financial realm into the public affairs area. The public relations group of a consumer products company, for instance, conducts an extensive social audit for its board of directors. The audit includes such items as pollution, minorities' status, and international affairs.

Several respondents report that their senior external relations executive serves on the board of directors. The number of such companies is small, but in a larger group the external relations person frequently serves in a staff capacity to a committee of the board. A general executive, in charge of all external relations of a major bank, comments, "As executive vice president – administration and secretary to the public responsibility committee of the board of directors, I am responsible for coordinating all external relations – consistent with corporate policy and goals."

At a textile company, the vice president – corporate communications is secretary to the board's public responsibility committee. The secretary meets regularly with the committee, prepares the agenda for meetings, and sends literature on relevant subjects to the committee members. The secretary also carries out the work supporting the committee decisions – for example, initiating studies of the impact of the company's environmental programs.

---

[2] Jeremy Bacon, *Corporate Directorship Practices: Membership and Committees of the Board*, The Conference Board, 1973, Report No. 588.

[3] Jeremy Bacon and James K. Brown, *Corporate Directorship Practices: Role, Selection and Legal Status of the Board*, The Conference Board, 1975, Report No. 646.

This company also sees the board committee as "a sort of audit committee." Like most audit committees, it is composed entirely of outside directors, and like an audit committee it has the power to call corporate executives in to report on company programs in areas of concern to the committee. Thus, executives concerned with product safety, equal employment, environmental matters, and such, appear before the committee at least once a year to give an accounting of their stewardship. The committee, in turn, reports on these matters to the full board.

Another company reports that it has established new committees of the board for both social responsibility and contributions. The social responsibility committee is made up of directors only, but the contributions group includes both staff and directors. Recent changes in management's basic philosophy of contributions has moved from a responsive attitude to an agressive program which considers the external relations impact of all giving.

External relations executives in other companies make frequent presentations to their boards to report on their programs and their objectives. One executive describes his annual presentation to the board as a review of key issues facing the company – what the issues are; what is at stake in terms of dollars; what the company's objectives are; what has been done so far; and what is left to do.

Chapter 5

Evaluating the Effort - A Conundrum

AS IS THE case with many other staff functions whose impact on corporate profits is not immediately evident, external relations does not readily lend itself to measurement. This general difficulty is compounded in the case of external relations by the multitude of influences outside of management's sphere of control that can and do affect the issues and publics that corporate external relations programs are aimed at. In most areas, "results achieved," whether good or bad, cannot be attributed to corporate actions alone.

In a management era that has given great emphasis to "management by objectives" – or "appraisal by results" – evaluation is seen as basic to future planning and budgeting. And a large majority of companies in our study profess a management-by-objectives approach to external relations. But their frustration in applying results-oriented evaluation – in attempting to develop concrete measures of performance – is very evident.

Indeed, to the general – and perhaps oversimplified – question: "Do you measure performance?" the answers of all of the survey participants can be divided into three non-exclusive categories:

- It is necessary – but difficult
  (a) evaluation on the basis of set objectives
  (b) evaluation on the basis of activities carried out
- It all depends on the situation
- It is an academic exercise.

It Is Necessary – but Difficult

On a quick first consideration, most of the respondents state that they have means for evaluation. But after some introspection, respondents will generally admit that most existing measurement techniques in the external relations area are of limited value.

Evaluation on the Basis of Objectives

About half of the respondents – CEO's and external relations executives alike – say they evaluate external relations on the basis of previously defined objectives. And if they do not use the word "objectives," another seventy-one respondents use "results" when asked on what basis they evaluate their external relations success.

Several indicate that, in their companies, external relations objectives are a part of the total objectives of the corporation. When annual plans are submitted, the external relations plan is merged into the overall plan of the company. The external relations function is expected to work toward achieving the corporation's objectives, as are all of the profit-oriented functions.

As a vice president – corporate communications comments: "Public relations is no less susceptible to management by objectives than other staff functions, except that there needs to be less stress on numbers." The president of a bank reports that, in his company, external relations results are evaluated against social goals that have been formally adopted by the board of directors.

As for the objectives set, or results expected, two are mentioned by most of the responding companies:

Improved Business Credibility. This is the most global objective – the restoration of public trust, not just in one company or even one industry, but in the total business community.

A Positive Corporate Image. Ninety-seven of the corporate heads and external relations executives see the degree of public acceptance of the company's image as key. "What is the attitude of the general public and of our own publics toward our company?" "And do we get a good press?"

In some cases, where results are viewed in terms of increased sales, successful recruiting, improved employee morale and productivity, customer acceptance, and similar factors, a degree of measurability may exist. Some executives, however, talk in terms of strengthened relations with elected officials and regulatory agencies, respect from labor leaders, and so forth; results such as these cannot be assessed as well.

Among the many different results that respondents look for in an effective external relations effort are:

- Accurate and objective coverage by the media.
- The ability to conduct the regular business of the corporation without interference, and the continued growth of the company.
- A sound environment for advancing the marketing and investment objectives of the company.
- Some perceptible degree of change in external attitudes to the company.
- Some degree of success in anticipating problems; a minimum of "surprises" from the company's publics.

As to measuring or evaluating the extent to which objectives or results are achieved, here the issue becomes very nonquantitative and nonobjective – in a word, it is subjective. For example, an external relations executive, who had alluded to yardsticks which his company had developed, acknowledged when pressed that the yardsticks were basically judgmental rather than "scientific." When these business leaders simply say something like "the corporations' image is the measure of success," they base that judgment on informal feedback or on formal opinion surveys.

Informal Feedback

One of the factors which determines the chief executive's judgment of his company's external relations is the kind of feedback he gets from those he comes into contact with every day, both within the business environment and outside. The chairman of a bank, for example, reports that he gets reactions to his company's programs and its image from the general public, from friends, and from outside directors. He judges the attitudes of the media, as well as the public's response to company statements or stock offerings.

Senior management also obtains informal feedback from employees and from customers. Some ask educators and government officials. In fact, feedback is available from everyone with whom they come in contact. As one chief executive says: "I have eyes and ears. I see and listen."

Talking about his company's program to explain "profits" and to restore credibility to his industry, the chief executive officer of a petroleum company recalls that "everybody he talks to" has become aware of his company's program. They may not be converted to the company's way of thinking, but they are listening and they respect what the company is doing; and to him that means the program is accomplishing its goals. Because of this increase in "awareness" on the part of the public, this executive is satisfied that his company's external relations effort is successful and that his staff is performing effectively. This opinion is based on the informal feedback the CEO gets from his peers in business, from people he meets, and even from family and friends.

Formal Feedback

Formal feedback – the opinion survey – is a yardstick that is used by many of the respondents. The media frequently report on the results of opinion polls assessing the general public's feelings about business. Many in senior management follow these data very closely, using the trends as an indicator of the effectiveness of business' efforts.

It is common practice for individual companies to conduct (or contract for) opinion surveys to determine whether or not the company's message is reaching its targeted publics. Companies often survey customers and stockholders. It is a very popular practice, for

example, for companies to hire outside opinion sampling firms to conduct biennial surveys of the investment community to determine the attitudes of the institutional investor toward the company. Some companies conduct similar surveys themselves, prepared by in-house staff.

Many companies hire public relations counselors to conduct these opinion surveys for them. A chemical company mentions a survey it commissioned several years ago in which opinions about the results of the company's external relations programs were solicited from newspaper people and magazine reporters across the country.

A major utility conducts a three-pronged approach to public opinion polling. *First*, the company subscribes to all of the available political and public opinion measuring services. *Second*, once a year, the public relations department conducts a public overview survey of its own. This survey measures customer satisfaction, asking a sampling of customers questions not only concerning the quality of the product, but whether or not the customer thinks the company is a good corporate citizen. At the same time, an internal survey is conducted to find out how employees perceive and react to messages from senior management. The *third* aspect consists of dozens of special studies done each year, relating to whatever issues or problems are topical. Because the unit operates with a small staff, most of this survey work is conducted by outside polling firms.

Evaluation on the Basis of Activities

Some companies evaluate the professionalism or competence of their external relations staff as evidenced by their activities or programs. Chief executives weigh the degree of success of the external relations executive in anticipating new issues and new trends in the company's publics. They look for a minimum of "surprises" from their external publics.

A Reasonable Expectation

A general executive in charge of all external relations in his company admits that he cannot hold his government relations executives accountable for bills passed or not passed. So he sets a standard in his own mind as to what is a reasonable expectation – a standard weighted more toward the effort applied and the quality with which that effort was carried out. In other words, "even if we lose, we did the best we could."

Similarily, a senior officer of a bank comments: "The effectiveness of our external relations program can be judged concretely and simply." His criterion: "Is proposed legislation affecting banking fair or punitive, and is it conceived intelligently or out of ignorance?" Again, his question is not whether or not the legislation was enacted; rather it is whether legislators were provided with enough information, including input from the industry and the company, to permit balanced judgment by each legislator when he casts his vote.

The chief executive officer of a bank is satisfied by evidence that congressional staff is becoming responsive to his company, and is even beginning to call the vice president – government relations for information on occasion. Small incremental successes such as this keep many top executives content. If a bill that passes is "not as damaging as it could have been," or if there is a general feeling that the company or the industry received balanced treatment, that can be satisfaction enough. Similar criteria may be applied to the corporation's relations with any of its publics. It is at the "activities" level that the efficiency of staff performance is most easily measured.

Measuring Activities

Several chief executives have a number of their own personal benchmarks for measuring external relations. The CEO of a large manufacturing company enumerates: "service complaints, correspondence to my office, media coverage, regulatory attitudes, political attitudes, employee attitudes, and customer acceptance." Many of these can be measured in quantitative terms.

The chief executive officer and the vice president – government affairs at a bank holding

company meet every sixty days to give the chief executive an opportunity to evaluate formally the company's recently initiated government relations campaign. Together, the two executives review each and every contact with a government official or staff member. They review all calls on legislators or their staffs, and all telephone communications. They keep a tally of how many contacts were made, the nature of the contacts, and visits made.

Many external relations executives acknowledge that they are being judged on their capabilities. They talk frequently about the degree of creativity and innovation in their programs as a measure of the quality of the effort. Some of the external relations executives say that they are evaluated in terms of the number of programs and activities accomplished by their staff over a specific period of time. Others are judged by the number of complaints and inquiries received.

In one instance, the vice president and his staff submit detailed accountability statements each year – statements which will be reviewed at the end of that year. These statements include such specific items as numbers of press clippings and numbers of visits to state legislators. While granting that some of these results are not strictly attributable to him and his staff (e.g., a fire in a plant would generate more press coverage than the company usually gets), this vice president thinks that the figures are accurate over the long run.

On the other hand, many executives see no value in counting press releases and the like. One executive comments that the amount of time required to keep a count of press releases and how often a reporter was taken to lunch would be better used as productive worktime on key external programs.

Meeting Budget Forecasts

Frequently, the external relations executive submits departmental budget and manpower forecasts, right along with annual objectives, in the same report to top management. Sixty-one executives report that they are appraised on how well they adhere to their own budget projections. Perhaps typical of this group, one executive who is measured stringently on a budget basis believes that this is the only way to evaluate his job. If management wants an image survey, he says, he can provide them with one showing any results they want to see.

In judgments based on budget, allowance is usually made for unforeseeable items. One example provided by a respondent relates to the nation's bicentennial celebration. At about mid-year of 1973, the external relations department was asked to create a special program for the bicentennial – a program that would run through 1976. Because this program was not anticipated, and because it was to be assigned top priority, forecast budget levels became unrealistic, and some of the department's other objectives had to be put off until the following year.

Another case involved the commemoration of a company's 50th anniversary. The public affairs department was instructed to initiate and conduct a special program to celebrate this event. Although this special program had not been anticipated when the departmental budget was prepared, through careful planning and allocation of resources the department was still able to come in under budget at the end of the year.

Thus, while there are those in corporate management who say that no measurement is possible in this field, most organizations have arrived at some standards for assessment – at least of the activities, if not of the results. And while there may be drawbacks to some of those standards – and no universal agreement on most of them – the standards are used with some degree of success, according to the respondents.

It All Depends on the Situation

Practically speaking, a substantial number of external relations practitioners see much of the appraisal already discussed as essentially subjective and nonconcrete. Indeed, they insist that any appraisal of their function is necessarily subjective. They themselves are hard pressed to identify precise standards on which they can

be evaluated. And since they concede that they must be evaluated, they fall back on the conclusion that the evaluation is simply a matter of the opinion of those above them who happen to be making the evaluation.

Where the goals that have been set are very broad, the ultimate assessment – simply stated – is the chief executive's opinion. And, while not all CEO's would agree, perhaps the most expressive chief executive among the respondents is the one who admitted that he determines the success (or the failure) of his company's external relations program by the variations in his blood pressure!

From their own vantage point, many external relations executives believe that they are appraised solely on the basis of their bosses' judgment – a "seat of the pants" evaluation, one calls it. What it all ultimately boils down to, they feel, is whether or not the person to whom you report *thinks* you are doing a good job and *thinks* that the programs you are carrying out are effective.

On the assumption that his superior's opinion is what will determine the appraisal of his performance and the appraisal of his total operations, a vice president – public affairs of an insurance company recommends strongly that the external relations executive work out a clear understanding with his superior as to what the external job entails. This understanding may vary from what everyone else thinks the job is, "but as long as you and your boss are in agreement, you are on safe ground."

It Is an Academic Exercise

Considering the vagaries of evaluation already discussed, there is a group of about twenty CEO's and staff executives who, speaking pragmatically, say performance just cannot be measured. Some go further – even if it could, why bother?

In spelling this out, they talk about the vast scope of some of the issues. It has been established that a great many of the respondents to this study see the lack of business credibility as the primary issue facing corporations today. At the same time, there is agreement among most corporate leaders that their companies, acting individually, cannot hope to turn the tide of public distrust in business. These executives concede that their companies must each do their part and hope to make a bit of progress, but they must also work through industry associations and business groups. And even that is only a beginning.

Therefore, how can an external relations effort be evaluated on the basis of trends in the public's distrust of business as an institution? If the corporate external relations program is designed to attack the problem of diminished credibility, can there be an assessment of that company's impact on a problem involving not only the entire business community but all of the major institutions of our society?

Because of such questions, a few chief executives, and a larger number of external relations executives, believe that there are no reliable yardsticks with which a company can measure the effectiveness of its external relations program. These executives are in general agreement, too, that no criteria for measurement *could* exist because of the nature of the subject. External relations, they feel, simply does not lend itself to quantification.

One chief executive of a large multinational company talks about his company's programs in community relations. He says that management long ago accepted the fact that such programs must be conducted by business, and if the programs result in a general feeling of goodwill toward the company – or at least a lack of negative feeling – he does not know how to measure that, but it is satisfactory. This executive refers to such activities as "non-business" activities, and assigns no full-time staff to their administration. The CEO plays a major personal role in all external programs in this organization.

The basic difficulties of evaluation can be further illustrated, using an example in the government relations field. An overall objective of many companies is the establishment of a better rapport with the government and with

government officials, as well as an influential voice in the formulation of legislation. Viewed in more immediate terms, the external relations effort may be aimed at the passage or blocking of a particular bill. However, chief executives readily agree that whether or not certain legislation is passed by Congress is not wholly within the control of the government relations staff of a company, even though that staff may have been working diligently. Staff members may have analyzed the pending legislation and tried to provide congressmen and their staffs with information explaining the company's position on the various facets of the legislation and the reasons for the company's position. But, obviously, many other factors unrelated to the activities of the company's staff ultimately interact and coalesce to influence the final vote. Is it fair to credit staff if the bill passes – or blame staff if it fails? Most agree this would not be fair. Yet, as already mentioned above, some companies do evaluate on the basis of the effort made.

Not only do no yardsticks exist, a number of executives say, but this is an area which *should not* be measured. Several CEO's profess an uncertainty about whether there is any need to measure external efforts since this is a job that simply must be done. "We must fight back. We have no choice but to do so," they say.

Appendix A

Sample Job Descriptions

BEMIS COMPANY, INC.
Director of Public Affairs

Purpose:

To ensure society's continuation of the company's franchise to operate constructively and profitably by:

1) Defining from time to time the company's obligations to society.
2) Coordinating corporate resources, both human and financial, to meet those obligatons.
3) Influencing insofar as possible society's expectations and requirements of the company.

Scope of Authority:

Develops corporate policy regarding financial and manpower commitments to community involvement and social and political action, subject to approval by management senior to this position and/or the board of directors. Has authority to interpret and implement policy and procedures applicable to this function. Works with operational units in establishing local programs designed to implement policy. Reports to the chairman.

Functional Responsibilities:

1) Reviews and evaluates current community activities and problems and recommends programs in which Bemis should be involved. Assists local managements to develop and maintain an awareness of community social environment and issues, and their impact on Bemis. Recommends participation in problem-solving activities consistent with corporate commitment.

2) Establishes the strategy for corporate contributions consistent with social responsibility objectives and serves as chairman of the Contributions Committee. Receives and evaluates contribution requests from health, welfare, cultural, civic and educational institutions.

3) Sees that liaison with civic and community-oriented business organizations is maintained in such organizations as are deemed appropriate; e.g., Chamber of Commerce, NAM, Upper Midwest Council, Urban Coalition, Junior Achievement, etc. Has primary responsibility in Twin Cities area and secondary responsibility elsewhere.

4) Determines the kind and extent of political involvement which the company should foster with employees and develops appropriate programs.

5) Sees that meaningful relationships with all facets of government for which Bemis has a concern are maintained. Maintains direct relationships with key personnel at the federal level and at the state and local levels in Minnesota. Coordinates Bemis' relationships with other state and local governments where Bemis is involved.

6) Maintains contact and communication with Bemis management at all locations so that:

a) Incumbent is kept abreast of the status of community problems of concern to the company and can assist local management in evaluating what is going on.
b) Incumbent can advise regarding changes in outside forces that are of concern to our operations.
c) All concerned parties can take an effective role in legislative and governmental action on a timely basis.

7) Monitors activities and effectiveness of programs initiated by this office, as well as programs which are the responsibility of others; e.g., EEO, OSHA, environmental controls, etc. Establishes policy and program for operating units to follow in implementing purchases from or other involvements with minority businesses.

UNITED TELECOM

Job Title: Vice President – Corporate Communications

Reports to:
Senior Vice President – Staff

Supervises:
Assistant Vice President
Director, Publications and Information
Director, Public Relations and Public Affairs
Manager, Community and State Affairs

General Function:

Provide an environment of two-way communications between United Telecom management and the public, government officials, regulators and news media to enhance their understanding of United Telecom's policies, objectives and achievements, and, in turn, alert management as to what trends and needs exist in the external environment.

Duties and Responsibilities:

1. Lends direction to the audio-visual communications, publications, news releases, advertising, community affairs, public relations, public affairs and legislative action efforts of United Telecom headquarters to achieve desired goals of maintaining a desirable company image.
2. Provides counsel and assistance to the subsidiary companies as needed in their efforts to communicate with their publics.
3. Lends direction to the administration of charitable contributions programs in support of education, economic, civic and cultural development for United Telecom and aids the subsidiaries in these areas, as requested by them.
4. Lends direction to the corporate advertising program by which the company's name is presented through the media so as to create a favorable attitude in the public's mind toward the United System's services and products.
5. Provides input to management as to the feedback from the public reflecting their reaction to company policies and actions.
6. Lends direction to the publishing and distribution of the annual report, quarterly financial reports, report of the annual stockholder meeting, quarterly magazine, and *Dialog*.
7. Serves on the Operations Review Committee and prepares monthly reports for the executive staff.
8. Carries out administrative or special project functions as may be directed by the executive staff.

Experience:

Over 10 years' exposure to all phases of corporate communications, public affairs, public relations, and advertising.

Educaton:

College degree in journalism, public affairs or business administration.

NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
Position Description

Position: Director of Communications

Reports to: Senior Vice President

Organization Unit: Communications Department – Administration Division

Basic Function:

Initiates, establishes, and promotes the use of communications policies and programs to develop and maintain favorable attitudes toward NML among the company's various publics. Presents recommendations to senior management that will help determine the company's objectives, policies and plans insofar as they affect the company's public image.

Nature and Scope:

The incumbent, along with the Vice President of Agencies and the Vice President of Field Financial Services, reports to the Senior Vice President. The managers of Advertising, Public Relations, and Consumer and Policyowner Relations report directly to the incumbent, as does an executive secretary. An assistant manager of advertising, eleven specialists, and seventeen office staff personnel report to the aforementioned managers.

The purpose of the Communications Department is to evaluate how various publics feel about NML, identify the actions of the company with the public interest, and then plan and execute communications programs to earn favorable understanding for the company among the various publics. The Communications Department strives to communicate with the company's publics in such a forthright manner that the company will continue to deserve a good reputation. To reach the various publics with the company's messages, the department is organized into three divisions – Advertising, Public Relations, and Consumer and Policyowner Relations.

The *Advertising Division* is responsible for national advertising, publications for agents and their clients, and creative art services. The purpose of national advertising in NML is to reduce the cost of selling and to sustain and strengthen the enthusiasm and loyalty of potential and present policyowners. It reduces costs for the agents by creating a degree of awareness of NML among potential policyowners in their target markets that they otherwise would have to create for themselves. Advertising also reaffirms the ideas and attitudes that lead to NML policyownership and strenghthens the policyowner's disposition to repurchase and recommend NML. Publications prepared in this division include *Creative Living, Field News, Field Notes,* and *Field News-Management Edition.* The creative art services unit provides the expertise to create all company graphic designs and to act as consultants for any graphics-related problems which may arise in the company. A manager of advertising, an assistant manager of advertising, an editor-*Field News,* an editor-*Field Notes,* two graphic designers, one display artist and four other office staff personnel comprise the Advertising Division.

The *Public Relations Division* is responsible for news media services, employee communications, photographic services, the reference library, community relations, and special events. Public Relations is the management function which evaluates public attitudes, identifies the policies and procedures of a company with the public interest, and executes a program of action to earn public understanding and acceptance. A manager of public

NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
Position Description (con't.)

relations directs a specialized staff consisting of four specialists and ten other office staff personnel in the accomplishment of these objectives.

The *Consumer and Policyowner Relations Division* is the voice of the company when the company speaks to policyowners and prospective policyowners as a group and the ear of the company when these groups speak. Responsibilities of the division include: annual report, premium enclosures, annual policyowner meeting, special communications to policyowners, audiovisual services, communications liaison with the NML Real Estate Investment Trust, and public relations for the president's office. The division helps to formulate company policy and public statements on matters related to the growing consumerism movement. A manager of consumer and policyowner relations directs a specialized staff consisting of two specialists and three other staff personnel in carrying out the functions of the division.

As the Director of the Communications Department, the incumbent is actively involved in the development of broad communication goals which are then delegated to the respective managers of the department. Communications is a rapidly changing art and its effectiveness is greatly influenced by economic as well as social trends. The incumbent directs the completion of regular research studies and actively uses these research measurement results in monitoring the effectiveness of the department and in establishing department objectives aimed at maintaining, improving or changing attitudes of the various publics. The incumbent must be aware of these trends in relation to NML's communications efforts in order to help set company objectives; to assist the company to define its role in the area of corporate social responsibility; and to suggest and implement specific programs to attain these objectives through the direction of key department personnel. The incumbent seeks opportunities to explain and discuss various field communications programs to the field through home office contacts and through personal agency visitations.

This position requires managerial know-how in the communications areas, as well as a knowledge of the marketing effort in relation to these areas.

A FOOD PROCESSING COMPANY

Vice President – Corporate Relations:

The Vice President – Corporate Relations is elected by the Board of Directors and is responsible to the Senior Vice President for Administrative Services.

The Vice President – Corporate Relations shall, for the company and all subsidiaries, be in charge of and responsible for:

Formulating and administering an overall public relations program including among other subjects: consumer, community, press and government relations, and preparation and distribution of stockholder publications.

AGWAY INC.

Job Title: Group Vice President – Staff Services

Supervisor: General Manager

Division: Staff Services

Principal Duties and Responsibilities:

Personally responsible for coordinating government relations at the federal level, and for liaison with assigned outside ventures and associated farm organizations, in addition to supervision of assigned staff departments.

1. Recommend to the General Manager in writing any changes in Agway policies and procedures deemed needed to enhance attainment of institutional long-range goals.

2. Establish and maintain functional relations with key persons at the Federal Government level, including those in associated bureaus and agencies dealing with matters affecting Agway and Agway members.

3. Serve as the coordinator of activities involving specified associated organizations such as A.I.C., National Council, and the like.

4. Serve as the official mentor on corporate matters affecting Agway's image pertaining to its various publics.

5. Coordinate and direct the administration of the staff services which are responsible to the end of providing optimum service and support to appropriate other line and staff functions.

6. Maintain close correlation with the Group Vice President – General Services and the Group Vice President – Distribution to the end of coordinating activities and programs which are of mutual concern to Agway and Agway members.

7. Serve as a member of the executive committee and of other committees and boards as designated by the General Manager.

8. Direct the administration of institutional communications programs and activities (exclusive of advertising) relating to Agway's publics other than employees, including the Agway annual meeting and chairmanship of the communications committee.

9. Backstop to the General Manager on behalf of Agway management in top-level situations.

Supervision: Secretary
Director of Member Relations
Director of Public Relations
Director of Environmental Quality and Engineering
Director of Research and Development
Director of Transportation
Director of Data Processing

AN ELECTRIC UTILITY
Position Description: Director of Public Relations

Purpose: Maintain public acceptance and appreciation for the company as an investor-owned utility and for the service it provides; and promote understanding of the American economic system.

Relationships: Reports to the Group Executive for Legal and Administrative Services. Staff to other departments. Supervises the Managers of Communications, Creative, and Information services and nuclear plant visitors' centers.

Authority: To administer the Public Relations Department

Responsibilities:	Standards of Performance:
1. Plans for a coordinated public relations program and for the initiation or recommendation of specific activities.	a. Policies are made to guide the department's operation. b. Resources of the department's sections are coordinated. c. The changing communication needs of the company are identified promptly and programs initiated to deal with them.
2. Communications – Plans for communications to promote public understanding of the company's operations and appreciation of its personnel and services.	a. News releases are initiated on a continuing basis to interpret company activities and services. b. Procedures are established to assure accuracy of information.
3. Information – Plans for dissemination of information about energy, the electric industry, and the American economic system to employees and to the public to the end that appreciation is developed for the company as an investor-owned utility.	a. Resource material on energy, the industry, the company, and the American economic system is available to employees or others who request it. b. Procedures are established for dissemination of information through speeches, movies, booklets and other means. c. Educational and informational programs are offered for visitors at nuclear generating plant sites. d. Energy and environmental information programs are implemented to deal with concerned groups and the public.

AN ELECTRIC UTILITY
Position Description (con't.)

4. Advertising – Plans for advertising to support the company's objectives.	a. Institutional and customer-service advertising is planned to support the company's goals, and appropriate programs implemented.
5. Relationships with News Media – Plans for regular visits with editors and broadcasters to identify questions and share information.	a. All newspaper and broadcast media in the company's service area are visited at least once a year by a representative of the department.
6. Industry Relations – Coordinates the company's public relations activities with those of neighboring utilities and with electric industry organizations.	a. Information about public relations activities is exchanged with neighboring electric utilities.
	b. The company is active in planning and informational meetings of industry public information groups.
7. Plans for coordination of activities of the Public Relations Department with other departments.	a. Working relationships are established with other departments to provide them staff services.
	b. Relationships are maintained with other departments to keep up with developments which offer public relations opportunities.
	c. Procedures are established for disseminating information during emergencies, such as a cascading power failure or a hurricane.
8. Contributions – Reviews requests for contributions and makes recommendations consistent with previous practice and company policy.	a. Requests for system or major capital funds drive contributions are reviewed and recommendations made.
	b. A continuing history of contributions is developed to assure consistency in the recommendations offered.
9. Personnel – Maintains a qualified staff and plans for motivation and development of personnel.	a. Position descriptions and standards of performance are prepared for each supervisory job.
	b. Performance of supervisory employees is reviewed and appraised at least once annually.

AN ELECTRIC UTILITY
Position Description (con't.)

c. Individuals are recommended for training or management-development activities, and are encouraged in their professional development.

d. Planning includes a backup or replacement for section heads.

10. Organization – Plans for an organization that may reasonably be expected to perform the functions of the department effectively and efficiently.

a. The departmental organization is reviewed annually and any changes that may be indicated are recommended for approval.

11. Budgets – Proposes, and when approved, administers the budget for the Public Relations Department.

a. The proposed budget is prepared according to instructions and submitted on schedule.

b. The approved budget is administered in keeping with company policies and accounting procedures.

12. Reports to Shareholders – Plans for the writing, design and production of annual reports and quarterly letters to shareholders.

13. Accepts such other duties as may be assigned.

SECURITY PACIFIC NATIONAL BANK
Position Description

Functional Title: Public Affairs Department Head

Incumbent: Senior Vice President

Reports to: Administrator, Bank Support Group

Department: Public Affairs

Location: Head Office

Accountability Objective:

Direct the development and implementation of programs for the overall community and employees to provide Bank identification and a positive image to the public and business community.

Nature, Scope and Relationships:

The incumbent reports to the Administrator, Bank Support Group, as do the heads of the Bank Locations, Consumer Finance, Marketing, Real Estate Finance, and Research Departments.

The Public Affairs Department is responsible for projecting the Bank into the overall community to establish programs and relationships in governmental, community and urban agencies, and service organizations. The department has responsibility for public affairs forecasting to determine which external factors will impact on management decision making and to what degree. It plans, writes and publishes the Bank's quarterly and annual reports and financial supplement data. The department also is responsible for keeping the general public and business community aware of Bank activities, and informing employees of Bank activities through such internal organs as *Comments* and *Security News*. The department determines what Bank achievements and philosophies will be disseminated to the public and develops strategies and specific programs to achieve their publicity. A special aspect of public relations is contingency planning, which involves determination of the Bank's public stand on such issues as urban problems and economic conditions to make appropriate statements for the press.

Reporting to the incumbent are the managers of the Government Relations, Community Relations, Contributions and Events, Public Information, and Editorial Services Divisions.

Specific Accountabilities:

1. To direct the planning of public relations strategies in concert with senior management, determining the posture of the Bank to be conveyed to the public, and identifying target areas of the public and business community.

SECURITY PACIFIC NATIONAL BANK
Position Description (con't.)

2. To direct the development of publicity campaigns and programs, ensuring effective implementation to communicate the Bank's actions and its standing as a leading financial and community service institution.

3. To direct the development of government relations strategies to assist the Bank in achieving impact in the governmental area.

4. To ensure the establishment and maintenance of an information network to keep abreast of and research major legislation and regulations of direct concern to the Bank.

5. To ensure the establishment and maintenance of contacts with key elected and appointed officials in national, state, and local government to make the Bank's position known on specific issues and influence actions in its interest.

6. To direct in-depth studies of issues and problems in the areas of urban, education and consumer affairs, determining needs and opportunities for Bank action and formulating detailed strategies and programs.

7. To direct the development of written communications for internal and external use, ensuring interesting and accurate account of Bank activities.

8. To ensure development and maintenance of relationships with members of the press and other media to generate awareness of Bank activities, disseminate news material, and initiate publicity actions.

9. To direct the planning of the Bank's quarterly and annual reports, ensuring accurate publication of the Bank's financial status.

10. To direct the review of requests made to the Bank for charitable contributions to determine a proper formula and policy for making such contributions.

11. To direct the Bank's political action programs to provide staff involvement in political affairs and achieve recognition of the Bank through group contributions, education programs and forums.

BERGSTROM PAPER COMPANY
Statement of Job Responsibilities

Job Title: Public Affairs Director
Organizational Unit: Staff

I – General Responsibility:

This position is responsible and accountable for the public affairs programs of the company, directing and participating in planned courses of action conducive to the maintenance of a high degree of proficiency as an ethical corporate citizen, through diligent study, interpretation and evaluation of political, social and economic trends impinging on the company's operations to the end that its growth be maintained politically in a favorable government and public environment. The incumbent also assists the Secretary and Counsel in administering the legal affairs of the company.

II – Organizational Relationship:

A – Line: Responsible to: Secretary and Counsel

B – Staff: Advise and assist all relevant departments and company officers in public affairs matters affecting the company, eliciting their response in the furtherance of the discharge of the duties and action by the company in the furtherance of its public affairs programs.

III – Specific Responsibilities:

1. Analyze and determine the effect of public and government issues on the company, establishing priority of importance in light of dollar costs and management decisions.

2. Maintain a high degree of awareness of government and political trends, issues and legislation, while maintaining cognizance and awareness of political, economic and social changes.

3. Present information and recommendations to corporate administration, as well as pertinent departments, to assist in the determination of the company's position and its ensuing course of action.

4. Perceive and anticipate the need for action as a result of government administrative, legislative or agency action and develop independent or cooperative measures for dealing with them.

5. Coordinate company efforts in coping with governmental actions once a company course has been decided.

6. Assist the Secretary and Counsel in the administration of the legal affairs of the company with particular emphasis on matters involving directives of governmental agencies.

7. Review and police all lawful directives and orders of government agencies to assure the company's compliance with such orders.

8. Establish and maintain effective communications with appropriate government officials on federal, state and local levels; maintaining insofar as possible the good will of government officials with the company.

BERGSTROM PAPER COMPANY
Statement of Job Responsibilities (con't.)

9. Initiate statements of company's position on public issues, submitting the same to the appropriate company officers for approval and promulgation, and representing the company in public hearings as required.

10. Participate in the promotion and maintenance of favorable relations with the company's communities, working with corporate officers and the communications coordinator, personnel, and marketing towards its assurance.

11. Develop and participate in political training for company personnel, encouraging employees to keep informed on the political process, candidates and issues.

12. Maintain a direct and participative relationship with designated associations and organizations to maximize the result of the company's participation in the programs of these groups and the counseling of other employees involved with such associations.

13. Actively participate in political activity in the communities in which the company resides and the encouragement of other employees of the company to do the same.

IV – Collateral Responsibilities:

The Public Affairs Director will discern and evaluate social and economic changes in the ever-changing affairs of national, state and local governments. The incumbent will work closely with organizations such as the local and national Chambers of Commerce, the Wisconsin and National Manufacturers Associations, the American Paper Institute, NARI, the Wisconsin Paper and Pulp Manufacturers Traffic Association, the American Forest Institute, National Council for Air and Stream Improvement, Wisconsin Paper Council, The Conference Board, and Wisconsin Public Expenditure Survey. The director will institute and cooperate with appropriate individuals in the company and corporate officers if the position calls for a determination of what government matters affect the company's well-being, coordinating also the activities of the company in carrying out the action program determined. The duties of this office include working with national, state and local legislative and executive agencies affecting the company's life; presenting the company's position on such matters directly to the government officials involved, and at public hearings in which the company's presence is required.

Appendix B

A Compendium of Executive Titles and Unit Designations

This appendix is a catalog of many of the variations in external relations titles and unit designations found among the companies that responded to this study. The list is intended to demonstrate the wide array of designations in corporate use today, to sketch a picture of the total look of the corporate external relations function. Not included are some of the more esoteric combinations of titles and unit designations that are used by only one or two respondents and are probably not applicable to other companies.

No attempt has been made to show prevalence of unit designations, but only to indicate their variety. Also, some executives evidently carry more than one title, one that is used colloquially in the company and one that actually appears on the corporate organization chart. The list is limited to the latter.

Titles:

Senior Vice President
Executive Vice President
Vice President
Vice President and Director
Director
Manager
Coordinator

Representative
Senior Editor
Editor
General Supervisor
Supervisor
General Manager

Comprehensive Units:

Corporate Affairs
Corporate Communications
Corporate Public Relations
Corporate Public Relations and Communications
Corporate Relations
External Affairs
External Relations
Law and External Affairs
Marketing and Public Affairs
Public Affairs
Public and Government Affairs
Public Information
Public Relations
Public Relations and Advertising
Public Relations and Public Affairs

Specialized Units:

Advertising
Advertising and Public Information
Budgets and Administration
Communication
Communications Services
Community Relations
Community and State Affairs
Consumer Affairs
Consumer and Community Affairs
Corporate Advertising and Promotion
Corporate Advertising and Visual Communication
Corporate Contributions
Corporate Graphics
Corporate Information
Creative Services
Customer Service
Design and Photography
Editorial and Graphic Services
Energy Education Services
Employee Communications
Employee Publications
Environmental Affairs
Environmental and Safety Affairs
Executive Communications
Films and Special Programs
Financial Communications
Government and Public Affairs
Government Affairs
Government and Industry Affairs
Government Relations
Graphic Arts
Industrial Ecology

Specialized Units (con't.)

Industry and Corporate Affairs
Information and Publications
Institutional Advertising
Internal Communications
International Communications
Investor Relations
Issues Analysis and Presentation
Legislative Analysis
Management Communications
Marketing Communication
Media and Budgets
Media Relations
Member Relations
News and Information
News Services
Press and Internal Communications
Printing and Distribution
Production Services
Public Affairs
Public Communications
Public Information
Public Policy Development
Public Relations
Publications
Sales Development Services
Special Projects
Stockholder Relations
Urban Affairs
Visual Communications
Youth and Educational Relations
Washington Office